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**THE BRITISH CITY**  
**THE BEGINNINGS OF DEMOCRACY**



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# THE BRITISH CITY

THE BEGINNINGS OF DEMOCRACY

BY

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AUTHOR OF "THE CITY: THE HOPE OF DEMOCRACY,"  
; "THE CONFESSIONS OF A MONOPOLIST," ETC.

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**To**

**TOM L. JOHNSON**

*Who Found in the Philosophy of Equal  
Opportunity for All and Special Privilege  
for None, the Inspiration of His  
Political Life;*

*Who Halted in the Conquest of Material  
Things to Take Up the Burdens of the  
Warfare Against Monopoly;*

*Whose Cure for the Failures of Democracy is  
More Democracy,*

*This Book is Affectionately Dedicated.*



## PREFACE

IN a previous volume, devoted to a study of the American city, I stated that: "Instead of the city being controlled by the charter, the suffrage or by purely political institutions, I have become convinced that it is the economic environment that creates and controls man's activities as well as his attitude of mind. This arouses his civic or his self interest; this underlies the poverty and the social problems with which the city is confronted\*\*. The worst of the distressing poverty as well as the irresponsible wealth is traceable to economic institutions, to franchise privileges and unwise taxation; to laws which are open to correction as they were to creation\*\*\*. It is the economic motive that makes municipal reform a class struggle; on the one hand are the few who enjoy privileges which they are seeking to retain; on the other hand are millions awakening to the conviction of industrial democracy<sup>1</sup>."

We are beginning to see that this is true. At the very heart of our institutional life, whether of the city, the State or the nation, some interest is to be found struggling to control the machinery of gov-

<sup>1</sup>The City: The Hope of Democracy. Preface.

ernment for its own advantage. Back of the boss and the party organisation are hidden powers which inspire their activities. The caucus, the convention, the party platform have become the tools of privilege for the shaping of its ends. Running through what seems to be the personal or partisan controversies of the President with Congress, the struggles over the organisation of Committees of the House, the tyrannous control of the Speaker and the Rules Committee, the skirmishing of the Senate, its reactionary procedure and Senatorial courtesy, are the economic business motives of the interests which really rule at Washington.

In the commonwealths the same is true. Into the party organisation of every ward or township run the ramifications of the railways, the franchise interests and other privileges, woven into a systematic unity through the party and the spoils of office. By means of this organisation legislation is made responsive to the will of the business interests which control the state rather than to the will of the people themselves. In the cities the struggle is for franchise rights, the control of the courts of justice and the taxing machinery for the furtherance of their designs. The warp and woof of our politics is close woven with the desire for privilege, which has taken possession of the agencies of democracy for the promotion of its interests. The great constitutional questions which are before



the courts, the legislation that is pressing for action in Congress and the State Assemblies, all bear the stamp of the economic struggle between democracy and privilege that is now uppermost in America.

This issue overshadows all others. It obtrudes from every page of the press. It is present in every party conference. Monopoly, or the desire for monopoly, the creation of franchises, grants or subsidies, the exemption of property from taxation or regulation—these are the motives which run throughout our politics to the exclusion of almost every other consideration. Democracy is like a majestic organ from which a splendid symphony is awaited. It has been attuned to the ideals of builders, who dreamt of the concord of harmony that it would produce. But the organist knows little and cares less for the dreams of the makers. It is he and not the organ that makes the melody. And he has degraded the instrument to the production of dance hall music. So, back of the many political agencies, that have been laboriously created for the expression of the popular will, are to be found the interests which have compelled democracy to respond to the creation of privileges that must be paid for by the labour of the people.

The struggle for government by the people, or government by organised wealth, is the struggle of

the immediate future. It will express itself first in the city. Here the issue is most clearly presented. Here the popular will is most responsive. Here the burdens of privilege are most oppressive. Municipal democracy is finding expression in the demand for the ownership or the control of the franchise corporations, in the revision of taxation, in the many humane movements for the amelioration of the condition of the poor. We are coming to see that the city can only relieve itself from the burdens under which it labours when its physical foundations are under the control of the community rather than in private hands.

The British city confirms this conviction. For the British city is free from corruption. Its organisation is simple, direct, democratic. The members of the Town Councils are responsible and responsive to public opinion. The suffrage is limited to the tax paying class. There is no boss, no machine, no spoils system. Great Britain has achieved what we in America have long prayed for. Her local politics are in the hands of her business men.

Yet poverty is at its worst in the British city. Millions of people are herded in tenements unfit for the stabling of horses. An equal number are ever hovering on the border line of pauperism. So far as human welfare is concerned "good government" is not enough. Mere honesty is not enough. The calling of business men to the Town Councils

has not relieved the terrible costs of the modern city. The life of the people, their standard of existence, the condition of their homes, their health, education and happiness is a matter of something more than honesty and efficiency.

In the British, as in the American city, Democracy is chained, Prometheus like, by economic fetters. The people enjoy political freedom. But political freedom has achieved as little as honesty. The British city is under the servitude of an economic master. It is ruled by the members of Parliament, and especially by the House of Lords, which has no sympathy with the ideals of democracy. For democracy is seeking to destroy the privileges which the members of Parliament enjoy. All of the physical foundations of the city are in alien hands. And those who own these privileges and are responsible for their abuses are as indifferent to the needs of humanity and as arrogant in their oppression of the people as the boss of any American city. In Great Britain, as in America, conditions are the same. Human welfare is subordinate to property. Those who suffer from the abuses of privilege are denied the power to correct them. Despite its unquestioned honesty and efficiency, the British city remains the ward of its feudal master, Parliament.

I am conscious that no one can fully understand the country in which he lives. Much less can he

understand a nation to which he is an alien. It is possible, however, to comprehend certain universal motives of human nature, motives that are constant in politics and express themselves in every land and under every form of government. The most universal instinct of man is to avoid effort, to live if possible without labour. This is the motive that underlies the surface phenomena of all history. It is the one note that is common in the contemporary politics of all countries. Back of the spectacular controversies of parties, the by-plays of Kings and Ministries, of Parliament and Congress, is the struggle of the few to get upon the backs of the many. To live without labour means that one must live by the labour of others. This is the motive of privilege. It is the instinct of monopoly. It is the meaning of protective tariffs, of railway, franchise and mining grants, of land monopoly, of subsidies, of indirect taxes upon consumption, of unjust taxation in any form. It is the lust of something for nothing that makes of the House of Lords and the United States Senate instinctive obstacles to democracy. Both chambers are the sanctuaries of privilege. At their doors democracy is beating in the name of humanity. The movement is inspired from below among the common people. Democracy is having its beginnings in the city. The issue with which we are familiar in Chicago, Cleveland,



Detroit, Cincinnati and elsewhere is the same issue that is uppermost in the cities of London, Glasgow, Manchester, Liverpool and Sheffield.

All that the Imperial government has ever meant to the great mass of the British people has been the privilege of carrying the aristocracy in idleness upon its back. Government by gentlemen is the costliest burden under which the nation staggers. The ideal statesman is a member of the nobility, the country squire, the leisured gentleman, the generous employer of labour, some dignitary of the community. And because Great Britain has succeeded in luring this class of men into her politics we have been assured that representative government was there at its best. It is to this class that many reformers would have America entrust her affairs. British and American observers have been deceived by the appearance of things. The members of the gentry are in Parliament, for the same reason that the railway director is in Congress. They are looking after their interests. And nowhere does their energy yield larger returns. It is not merely the personal honesty of those who rule that makes government good or bad. It is the economic interests which they represent. Even the form which the government assumes is a secondary matter. And a study of the British city will demonstrate that its qualities, whether they be good or bad, are reducible to this interpretation.

Just as the British city is sacrificed to the greed of its overlords in Parliament, so the Town Councils are cramped in their ideals by the rate paying class which elects them. Administration is measured in terms of its cost. The ideals of the city are those of thrift, of economy, of the petty business man. Nowhere is democracy a big, generous, personal thing. The fear of an increased tax rate is always uppermost in men's minds. This is not the "literary theory" of the British city, but the "literary theory," as Walter Bagehot has pointed out in reference to the British Constitution, is usually false to the reality.

The rate payers who control the Town Councils are at war with the great landlords who control Parliament from the House of Lords. It is they who own the land which the local authorities want to tax or acquire for city purposes. They also own the franchise corporations which the Town Councils would purchase or regulate in the interest of the people. Among their number are to be found the slum lords whose neglect is responsible for the condition of the tenements. Parliament hates the democracy of the Town Councils. It endeavours to curb it at every turn. And well it may. For the Town Councils are endeavouring to destroy the privileges which the landed gentry have enjoyed from time immemorial.

The recent Parliamentary election was the first

definite expression of this struggle. It swept away the Conservative party, stupefied by its long continued reactionary rule. It ushered in a coalition government of Liberals, Socialists and Labourites. In a broad perspective it marks the beginning of a revolution not unlike that which followed the Reform Acts of the early half of the century. The latter was a commercial, middle class movement. Liberalism scarcely rose above the ideals of the captains of industry, who were content with reform so long as it admitted them to a share of the government. The masses of the people have enjoyed but little more consideration under the old Liberal party than under the Tory ascendancy.

Real democracy is but beginning. It is finding its voice in the demand for industrial legislation. It is aiming to make use of the ballot for the correction of the present unequal distribution of wealth. It is inspired by the fearful poverty of the bulk of the nation, by the injustice of the system of taxation, by the tyrannous use of power by the classes long in control of the government.

The new democracy is issuing from the cities. It has been trained to a confidence in itself in the Town Councils. The Municipal Corporations Act of 1835 is the foundation upon which the masses of the British people are to achieve representative government. The rate payers of the towns have learned that administration is not the exclusive

privilege of the gentry class. The shop keeper and the wage earner have found a way into politics. They have been trained to a confidence that otherwise they never could have acquired. The reverence for authority, so long universal in Great Britain, has been shattered. Reaction is still strong in the rural districts, but the many successful achievements of the towns have awakened a belief in the power of the government still further to alleviate the condition of the people. All this has modified the traditions as well as the formulas of British politics. It has awakened new ideas that are not confined to the socialist or the labour parties.

Just as the economic motive animates the members of Parliament, so the same motive inspires the new democracy that has issued from the towns. The difference is not one of motive so much as it is of the size of the class from which it comes. There is, however, this fundamental distinction. Special privilege can only be enjoyed by a few. It must be paid by the labour of the many. Democracy, on the other hand, is inspired by the desire of equal opportunity for all. And this seems to be the ideal of the city, wherever democracy has awakened to its powers.

FREDERIC C. HOWE.

Cleveland, Ohio, May 1, 1907.



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# THE BRITISH CITY

## CHAPTER I

### INTRODUCTORY

ACCORDING to the Census returns of 1901, seventy-seven per cent. of the population of the British Isles lives under urban conditions. Nearly four-fifths of the people dwell in towns. From decade to decade the percentage of city dwellers increases, while the number of those who remain on the farms diminishes. Not only is the countryside being wasted of its population, but those who remain are no longer the strong and vigorous yeoman who sent the English colonial to the ends of the earth as settler, administrator and soldier. Those who abandon the farms and go to the towns are untrained and undernourished. They are not fitted for the industrial struggle which the city involves. Neither the education nor the opportunity of the labourer are such as invigorate and keep fresh the city population of Germany and the United States. And it is upon this constant infusion of new blood that the industrial life of the nation depends. In Great Britain, as elsewhere, the problem of the city is the problem of civilisation.

The two cannot be disassociated. The city cannot be treated as an isolated thing. It is the heart of the nation. But it is upon the lungs of the countryside that its vitality depends. For this reason this volume is something more than a study of municipal administration. It is a study of the nation as well.

As recently as 1904, three quarters of a million skilled workmen were without employment in Great Britain. Including the unskilled labourers and those known to be in absolute poverty, together with those dependent upon them, there were from seven to ten million people in want or in constant fear of it. These persons were brought into the world endowed with energy and a willingness to work. But they have no right of access to the resources of the earth. The land, the mines, the mills and the workshops are in alien hands. Labour can only employ itself on the terms which the owner exacts. And under the system of rack renting, which prevails, the returns to the worker are but little better than the acceptance of public relief. Under the feudal order, which modern industrialism has destroyed, man was identified with the land. He had some rights in the soil. He was protected by law and custom. He enjoyed a status in the social order that insured him a chance to work, an opportunity to make some use of his abilities.

To-day society recognises no such obligations to its members. Man has now become the ward of many masters. In the past he had at most but one. The worker is scarcely more free than he was in the days of his serfdom. Freedom of contract, of movement from place to place, and a purely cash relationship on a competitive basis, have taken the place of a custom that served as a safeguard against the worst sort of oppression. The coming of the city with its industrial relationships has destroyed many of the communal rights that existed under the earlier order. The rules of the contest are as ruthless as the rules of barbaric warfare. Man is bound to pay what another wills for the use of the land, upon which he has what passes for a home. He is chained by the means of transportation, as well as the necessities of heat, light and water. Upon these his life depends. He is dependent upon the vicissitudes of industry. He cannot control the place where he works, cannot control even the opportunity to work. He is of less concern to his master than the machine to which he is attached, for he involves no capital cost, no burden of repair or maintainance. Thousands stand ready to take his place without question as to the hazards involved. Under the boasted freedom of contract mankind has been divorced from any legal claim to the earth or the physical foundations of society upon which all life depends. This is the

most revolutionary of all of the changes that have come to society. It is a reversal of the laws of nature. It is a reversal of the social order which has existed from time immemorial. For whether it be in ancient India or in early Germany, in feudal Europe or in the newer nations of the earth, the laws and customs of the people or the open resources of the soil, have insured to man some opportunity to the use and enjoyment of the common gifts of God.

It has become necessary to recast our philosophy, to reconstruct our conceptions of the rights of humanity, as opposed to the rights of property. It is necessary to find new rules for determining the proper and necessary functions of the community. What are its obligations to its members, who enjoy all of the formulas of liberty but little of its substance. The political philosophy of a simple agricultural society, in which each household was sufficient unto itself will not suffice, when all of the conditions of life are subject to the unrestrained ownership and rights of another.

How will these conditions be met? Does it accord with the ideals or the powers of democracy that millions of workers should be the merest wards of a handful of men who own the land upon which the life of the people depends? For this is the condition of Great Britain. The old feudal aristocracy remains the economic as well as the political mas-



ter of the British people. Forty millions of landless tenants have no other alternative but that which the gentry sees fit to offer them. This is the problem which the British city has to face. For the city, with its increasing poverty and vice, is one of the direct results of this condition. And the cost of it all is becoming more and more apparent to those who are willing to see. They are beginning to ask if this is the best that Democracy can do with its power.

The well being and the happiness of the people should be the most important question before any government. The existence of poverty, on a wide scale, should banish every other question until its cause is explained. Every consideration of Christianity, of humanity, of long-sighted statesmanship should place this problem first in the programme of any party. Questions of armament, of colonial administration or expansion, of war or of peace should be ignored until some explanation is found and some solution is offered for the existence of poverty in the midst of great plenty, of national decay alongside of unparalleled luxury, of overflowing prisons and workhouses in a civilisation that has made all nature tribute to the ingenuity of man.

The cities of Great Britain represent the final result of the existing industrial order. Here poverty seems worse than any place in the civilised

world. Here the problem of non-employment, of the chance to live without resort to charity, is ever uppermost in the minds of millions of persons. Here unearned wealth is most obtruding. Here it is also most powerful. Here the gulf between those who labour without ceasing and those who labour not at all is most apparent. The city has become the most pressing problem which confronts Great Britain. It involves her standing as a great nation. It profoundly effects her army. Her industrial supremacy has already suffered by reason of the enervation of the people. The problem of the city and the condition of the city dweller has become a question of national existence.

In a measure the Town Councils of Great Britain recognise these things. The necessity of relief, of education, of health, of life itself, have forced the cities to a new outlook upon society. Unconsciously the city has become a commanding political agency. It is constantly enlarging its activities in response to necessity. It has abandoned many of the formulas of an earlier political philosophy.

It is through the machinery of local self-government that democracy in Great Britain is emerging. Progress is bound to be painfully slow. There will be disheartening reactions, such as have recently happened in the elections of London, but the movement will always be onward. The contest for in-

dustrial freedom is one of the most Titanic of modern times. For the organised power of those who control the economic foundations of the British nation is not unlike that of the ancient regime in France.

## CHAPTER II

### THE BEGINNINGS OF DEMOCRACY

THE city is the most democratic institution in Great Britain. In many ways, it is the only evidence of democracy in that country. Here alone has government divorced itself from tradition, caste and privilege. Here alone is political vitality, here only initiative and real ideals. And nowhere else, whether in Europe or America, has popular government more fully justified itself than in British local administration.

Despite the wide extension of the suffrage, Parliament remains essentially reactionary. It is anchored to the past. It is fearful of change, and views democracy as a troublesome cub which it feeds from fear rather than from affection. It trusts the cities only to the extent to which it has become necessary to do so. It has enlarged municipal powers because of the utter breakdown of the privileged orders which up to 1835 managed local affairs. Even to-day every grant of power to the Town Councils is jealously watched, and suspiciously supervised. The cities have learned to walk alone, in spite of Parliamentary strait-jackets, and

have achieved their present proud distinction in the face of the persistent jealousy of the ruling classes.

For Parliament remains a landed aristocracy; the abode of privilege in all of its forms. Within recent years, even the liberalism of a generation ago, the liberalism of Cobden, of Bright, and of Russell has passed into an inner cabinet control. The House of Commons has been changed from an assembly of the nation into a recording body ruled by a small landed family aristocracy much as the House of Representatives is ruled by the Speaker.<sup>1</sup>

Such, at least, has been the character of Parliament under the ascendancy of the Conservative party, which, with a short interruption, has been in power since the defeat of Gladstone's Home Rule Bill in 1886. During these years democracy has been at a low ebb. The forces at work in the cities have been the only vital evidences of its existence in the United Kingdom. And the recent Liberal victory is in large measure attributable to the long training in self-government which the people have enjoyed in local affairs. In England as in America, constructive democracy is at work in the cities. And the coming changes in the political

<sup>1</sup>This description of the attitude and motives of Parliament is less true of the present Liberal Party than of any of its predecessors. But even when that party controls the House of Commons its programme of legislation is subject to the veto of the House of Lords, which is always reactionary.

institutions of Great Britain are likely to be far more radical than the unexpected Liberal majority in the present Parliament of itself would indicate.

Unlike Parliament, the city is representative in its instincts, in its personnel, in its ideals. It is responsive to public opinion, and responsible to the people. In this respect, it is the most representative of British institutions, even though it is still far from radical in its democracy.

It is possible that the last election foreshadows a revolution in Parliament not unlike that which followed the Reform Bill of 1832, when the political privileges of the rotten boroughs, upon which the great landed families maintained their ascendancy, were abolished. But whereas the changes then inaugurated were of a political sort, the reforms which now seem imminent are industrial and social. They had their origin in the cities, and are essentially democratic in their purposes.

The recent election marks the political ascendancy of the towns and the industrial issues which are there most manifest. With this ascendancy achieved, the social and political aspirations that have been germinating in the local communities for the past ten years are bound to be extended to the nation at large. The present Liberal party is a very different party from that which followed the leadership of Gladstone. New phrases and formulas have come in with the generation which is now



upon the stage. The House of Commons is far more representative of the British people than it has ever been before. And its programme is one of much promise to the people as a whole.

Prior to 1835 the government of the towns was in the hands of the privileged classes. The people had no voice in the administration, less voice, in fact, than the people of Philadelphia, of St. Louis, of Cincinnati had in their own affairs in the days of their completest subjection. Even the forms of popular government were not preserved. The charters of the towns were derived from the King. Most of them related back to the seventeenth century, when Charles II, desiring to pack Parliament with members who would support the Crown, issued writs of *quo warranto*, by means of which the boroughs or towns were deprived of their ancient rights. New charters were thereupon granted, under which Charles reserved to himself the right to nominate members of the Town Councils. For the members of the Council determined who should be admitted to the borough as freemen, and consequently who should vote for members of Parliament. Through these means Parliament was kept in a state of subserviency to the Crown, and to the powerful landed families grouped about the Court.

Such is the lineage of "ripper" legislation with which we are so familiar in America. Like many another evil institution, it is traceable to the Stu-

arts. In the enforcement of his will and the carrying out of his programme Charles II made use of the infamous Judge Jeffries, who in 1684 went on the Northern Circuit with the boast that "he made all the charters, like the walls of Jericho, fall down before him, and that he returned laden with surrenders, the spoils of the towns."

The decay of local government in England dates from this interference by the Crown. In time the councils became self-elective and exclusive. By 1834, but twelve of the 211 corporations even preserved the fiction of election by the freemen. In 212 boroughs, with a total population of 1,800,000, there were but 88,509 freemen enjoying the voting franchise. In Ipswich, with a population of 20,000, there were but 1130 freemen, and of these 760 were non-residents. In Marlborough, the number of freemen was fifteen, exactly the number of officers. Ninety-two boroughs had less than fifty freemen each.

The voters were corrupt as well as ignorant. They were at the command of some powerful family or the purchase of the highest bidder. Their number was frequently increased on the eve of election for the purpose of securing a parliamentary majority. As a matter of fact, the town corporations existed chiefly for parliamentary purposes. As administrative agencies for local purposes, they had practically lost all of their functions. "A great number

of corporations," said the Commissioners of 1835, "have been preserved solely as political engines, and the towns to which they belong derive no benefit but much injury from their existence. To maintain the political ascendancy of a family has been the one end and object for which the powers entrusted to these bodies have been exercised. The object has been systematically pursued in the admission of freemen, resident or non-resident; in the selection of functionaries for the council and the magistracy; in the appointment of subordinate officers and the local police; in the administration of charities entrusted to the municipal authorities; in the expenditure of corporate revenues; and in the management of corporate property."<sup>1</sup>

The councils and the mayors were no less corrupt than the electors. Jobbery, corruption and oppression were universal. Aldermen granted contracts and trading privileges to themselves. The magistrates were distrusted by the people. They were often unable to read and write. The corporate funds, which were largely derived from markets, municipal estates and town dues, were seldom applied to the benefit of the community. They were expended in feasting and in paying the salaries of officials. The funds of the corporation were freely spent in the bribery of electors. The council, which was usually chosen for life, and had the

<sup>1</sup>Report of the Commissioners on Municipal Corporations, Parliamentary Papers, 1835, p. 34.

power of electing its own successors, considered that the corporate funds and property were held for the benefit of the members of the corporation, and not for the town itself. In some instances, the funds of the corporation were so used that the towns became bankrupt.<sup>1</sup>

One of the privileges of the freemen was that they paid no taxes. Taxes were paid by non-freemen. And the dues were very oppressive. Then, as now, the complaint was made that the freemen "wanted the poor to pay everything" to the relief of those who ruled. In many instances there were no watchmen, and no police officials of any kind, excepting the constables who were unpaid.

All sense of local liberty and self-government was dead. For generations the towns were the football of Parliament. If it became necessary to have something done, a special commission was created to do it, just as our state legislatures, distrustful of city councils, create special boards or commissions to carry out some local undertaking. The town corporations could not levy taxes, and could not control sanitation—they had none of the large powers of an industrial nature that have since been conferred upon the cities.

These conditions were far worse than anything

<sup>1</sup>The City of London proper, which comprises the region about the Bank of England, remains to this day a type of the unreformed town of the eighteenth century. Its ancient charter was undisturbed by the act of 1835.

America has since experienced. For corruption and inefficiency were universal. They extended to the electorate as well as to the official class. There was no background of democracy, no ideals of administration to which one might appeal. The English town in the early part of the nineteenth century was in what must have seemed a hopeless state of political decay.<sup>1</sup>

The foundations of the present local administra-

<sup>1</sup>The Report of the Commission to enquire into the condition of the municipalities of England and Wales suggests a parallel between English and American conditions. And it is encouraging to know that Great Britain has passed through a condition of municipal corruption far more hopeless than our own. The Commission of 1835 concluded its report as follows:

"We report to your Majesty that there prevails amongst the inhabitants of the great majority of the incorporated towns a general, and, in our opinion, a just dissatisfaction with the municipal institutions—a distrust of the self-elected municipal councils, whose powers are subject to no popular control, and whose acts and proceedings, being secret, are unchecked by the influence of public opinion; a distrust of the municipal magistracy, tainting with suspicion the local administration of justice, and often accompanied with contempt of the persons by whom the law is administered; a discontent under the burdens of local taxation, while revenues that ought to be applied for the public advantage are diverted from their legitimate use, and are sometimes wastefully bestowed for the benefit of individuals, sometimes squandered for purposes injurious to the character and morals of the people.

"We therefore feel it to be our duty to represent to your Majesty that the existing municipal corporations of England and Wales neither possess nor deserve the confidence or respect of your Majesty's subjects, and that a thorough reform must be effected before they can become what we humbly submit to your Majesty they ought to be, useful and efficient instruments of local government."



tion in Great Britain were laid by the Municipal Corporation Act of 1835. This was but part of a larger reform movement that was destined to shake the ascendancy of the landed gentry and give to the commercial classes rising into power through the Industrial Revolution representation in Parliament. This measure swept away the age-long abuses of the towns and ushered in a new era, from which industrial democracy has sprung. It greatly extended the suffrage and lodged the government of the towns in the hands of the tax-payers. It provided for a council and mayor with substantially the same form of administration that prevails to-day.

The measure met with determined opposition in Parliament, for it destroyed the means by which the privileged classes had retained their control of the House of Commons through a control of the machinery of determining who should vote. Further than this, the classes in control of the cities were by this measure deprived of the privileges and franchises through which they oppressed the people. But it was not so much the abuses as the utter breakdown of local government and the demands of humanity and business interests that compelled the passage of the bill. The coming of the factory system had called into existence great towns, filled with a multitude of factory workers, for the care of which the towns were totally unprepared. Men



and women from the countryside had come to work in the towns at looms and spinning frames, and the misery, poverty, disease and degradation which followed was so universal that Parliament could no longer ignore the demand for relief. For the ancient organisations had no authority to undertake the construction of streets and sewers, to police and guard the towns, or to levy taxes for their maintenance. And louder even than the demands of humanity was the voice of the commercial classes, grown to wealth and power through the expansion of trade. It is upon this measure and the Reform Bill of 1832 that all of the later democratic achievements of Great Britain have been reared.

Since the passage of the Municipal Corporations Act of 1835, frequent attempts have been made to co-ordinate local government. The chief of these are the local government acts of 1882 and 1894 and the London Government Acts of 1888 and 1899. The areas now established for purposes of local government are the Administrative County, the County Borough, the Municipal Borough, the Urban District, the Rural District and the Parish. The Poor Law Union is an area for the relief of the poor. It is formed from a group of parishes. The metropolis of London is governed by special acts. The county areas have a form of organisation not unlike the towns. They have a council, aldermen and chairmen. They borrow money and enjoy many munici-

pal powers. They are designed to permit the rural districts to carry on the vast amount of administrative work rendered necessary by the dense population of Great Britain. In addition to these general authorities, there are many local and special Boards for the administration of Ports and Docks, of Sewers and Drainage, of Rivers, Asylums and Cemeteries. By the Education Act of 1902 the Councils have been entrusted with the control of education.

But we are chiefly concerned with the Municipal Boroughs proper. They range in size from Liverpool, with a population of 725,000, to Hedon, with a population of but 1020. Their powers are derived from the Municipal Corporation Act of 1882, which repealed the original act of 1835 as well as many subsequent measures. There are about 320 such corporations in England and Wales.

Thus it was that democracy in Great Britain sprang from local government, just as in the Middle Ages liberty sprang from the towns in the struggle with feudalism. And history nowhere presents a completer vindication of the trustworthiness of the people than the history of local government during the past three-quarters of a century in Great Britain. Where privilege failed, democracy achieved its greatest triumph. Amid ignorance and poverty the most complex problems of government

existed. The people were for the most part untrained. They were inexperienced in political activities. For centuries they had been bought and sold in furtherance of the designs of the privileged classes.

It is the Briton's boast that he cares nothing for political abstractions, that he is moved by no philosophy of government, and advances from point to point with his hand ever resting on the past, ready to retire in case of error. Any grant of liberty to the towns, any extension of freedom by Parliament, is grudgingly granted, and so involved with limitations that its value is largely destroyed. The powers of local governing agencies have not been conferred in a big, generous way. They have been divided among parishes, poor-boards, town and rural councils, in a way that is both confusing and costly. It is almost impossible for anyone, save a trained expert, to know the functions and powers of a large city like London or Glasgow. For while there are general acts governing the health and housing, cleaning and lighting, the police force, and other routine departments, there is also a multitude of special laws, with countless limitations and qualifications, which make it necessary for the city to act with the most scrupulous care in the carrying on of its activities.

It is in the face of such survivals of ancient institutions and anomalous burdens that local govern-

ment is carried on. It is partly feudal, partly modern. The influence of the church is interwoven with the modern impulses of democracy. Local government is subjected to constant Parliamentary oversight. Despite this fact, the municipalities are almost the only political agencies in England that do not suggest the seventeenth rather than the twentieth century. Even to-day, the Corporation of London, the ancient city which nestles around the Mansion House and the Bank of England, has a charter which runs back to the time of the trading guilds. It is an historic survival of the ancient commercial organisations, which were elsewhere abolished by the act of 1835. The corporation still remains a privileged body not unlike the unreformed towns of the seventeenth century. On the creation of the London County Council in 1888 its privileges and abuses were deemed too sacred to be touched. It was left intact as a separate city, with full municipal powers, in the very heart of the metropolis. It is known as the "Mayor and Commonalty and Citizens of the City of London." The Lord Mayor resides in the Mansion House, opposite the Bank of England, where he still retains much of the feudal pomp and splendour of a little king, alongside of one of the most democratic city republics in the modern world. The government still reposes in the seventy-three Livery Companies, survivals of the ancient guilds of gold.

smiths, silversmiths, drapers, furriers, etc., with a membership of about 8,500 persons. These companies possess property in excess of a hundred million dollars. They enjoy an annual income of more than five million dollars. This is a trust fund of a public nature. Of this sum the companies pay over \$200,000 a year to themselves in fees, and spend at least \$500,000 more in dinners and feasting; \$750,000 more goes in salaries to officers and expenses of management, while \$2,500,000 is devoted to public uses of one kind and another. "The whole administration of this essentially public property," says Sidney Webb, "is performed in secret, by small committees, which nominate themselves, and acknowledge no responsibility to anyone. No public superintendence controls their jobbery; no public audit checks their waste."<sup>1</sup>

These companies own great landed estates in England and Ireland. Some of them are among the great London landlords. The twelve great Liv-  
ery Companies share among them the Ulster estates of the Irish Society; and in addition, nearly all of them possess valuable freehold "Halls," hidden away in back streets in London, and surplus funds invested in consols or lodged on deposit with the Bank of England.<sup>2</sup>

No one really knows the wealth of these great

<sup>1</sup>The London Programme, by Sidney Webb, p. 104.

<sup>2</sup>*Ibid*, p. 105.

companies, accumulated and increased in value for centuries. They have been able to thwart any thorough discovery by Parliament, and thus far have prevented the abolition of their abuses and the merging of the City Corporation into the metropolitan area of London proper. Here at the very doors of Parliament remains a survival of the Town Corporation of the seventeenth century. It is the financial heart of the United Kingdom. It has a population of less than 30,000 by night, and over 300,000 by day. It is reactionary in the extreme. Its misuse of funds of a public nature is fully as scandalous as the corruption of any unreformed American city. True the powers which it exercises are sanctioned by law. There is no violation of the criminal code. The funds which it uses are a heritage from the time when the towns were in the hands of the merchant guilds. But ever since the reforms of 1835 the Corporation of London has been so powerful, so respectable, so ancient in its privileges, that democracy has never been able to bring about its reform. Democracy halts at its boundaries, just as until recently the reigning monarch of the United Kingdom halted at Temple Bar to receive permission from the Lord Mayor of the ancient city to enter its gates. Side by side are the London County Council, the most democratic of English bodies, and the Corporation of London, whose extravagances and general inefficiency offer



an eloquent exhibit of government by privilege. Here in the heart of the Empire may be seen at work the two great powers which contend for mastery throughout the civilised world, the powers of democracy on the one hand and of privilege on the other.

## CHAPTER III

### THE TOWN COUNCIL

ALL of the powers which the British city enjoys are lodged in the Town Council. The division of authority with which we are familiar, between the Council, the Mayor, the executive departments, and commissions, does not exist. That is an American innovation, adapted by us from the Federal Constitution to local administration. The British Council not only passes ordinances, it executes them. And in some towns a limited number of aldermen sit as police court magistrates to punish those who infringe its laws. Within the local area, the Council is the supreme legislative and executive authority.<sup>1</sup>

<sup>1</sup>The terms city, town, or borough, are used throughout the text in the American sense, as synonymous with municipal corporation. Most of the English cities are technically boroughs. The borough is a municipal corporation which has received its charter of incorporation from the Crown under the act of 1882. Certain boroughs, however, rank as cities. This is either because they are the seat of a Bishop, or because that dignity has been conferred upon them by the Crown. Canterbury, Carlisle, Chester, Chichester, Coventry, Gloucester, Hereford, Lincoln, Litchfield, Oxford, and other towns, are cities, while many of the larger industrial towns are boroughs. But there is no real distinction in the powers and functions. The difference is chiefly one of historical significance, and

In this respect the charters of all cities are alike. There is not that diversity in the form of the charter, nor that attempted adaptation to local needs, which exists in America. A knowledge of the general form of government of one city is a knowledge of the forms of all.<sup>1</sup>

The Mayor, as he is called in England, or Provost, as he is called in Scotland, is usually a councilman exalted to a higher degree. In certain cities he is called the Lord Mayor. In England he is chosen for one year, in Scotland for three. He represents a ward, and is responsible to his constituents, like the rest of the Council. He may, however, be elected from outside of the Council, although this is rarely done. Unlike the American executive, he is chosen by the members of the Council, and not by the people. The Mayor does not enjoy much legal authority. He is democracy's shadowy monarch, without privilege or power. He represents the "spectacular" element in city life. For the Mayor makes no appointments, has no veto power, and does not stand for a policy of administration in the large way that an American mayor does. He is the ser-

relates to the distinction which the seat of a Bishop conferred, or which has been retained as a privilege conferred at some earlier time by the King.

<sup>1</sup>In many towns, special boards or trusts have been created to manage certain undertakings, as Dock Trusts, Water and Gas Boards, when two cities are jointly interested. In London, many such special authorities have been created. But the general form of administration is everywhere the same.

vant of the Council, the chief among equals. Whatever ascendancy he enjoys is due to his personality. He is, however no *roi fainéant*. He is the busiest and most influential member of the community. In the larger towns his office is the goal of local ambition. The mayoralty is the object of successful business, the reward of long service to the community. The Mayor presides over the Council, and is an ex-officio member of all committees. He has many official emblems, is permitted to wear a robe of rich ermine, and the town jewels. He has the use of the coach and pair belonging to the corporation. In the cities of London, Liverpool, Dublin, and elsewhere, he occupies a stately mansion in the heart of the city. In the larger towns he is usually knighted by the King on the expiration of his term of office.

His real distinction is a social rather than an administrative one. He receives the King whenever the town is honoured by the Royal presence. He entertains distinguished guests, and presides at all public functions. His life is given over to the titular representation of his city. He addresses meetings, clubs, and labour unions. He opens conventions, bazaars, and charitable enterprises. His days are filled with engagements. His evenings are occupied in much the same way. He is frequently called upon to adjust labour disputes. The mayoralty is the reward of long and sacrificing service to the community. It is the crowning glory of a demo-

cratic career. For it is open to all, and is generally held by men whose individual exertions have achieved their political and business careers.

For his services the Mayor receives no compensation. No salary of any kind attaches to the office. In the large cities the office is a source of expense. For the Mayor must be generous. He must entertain handsomely; he must be prepared to neglect his private business during his term of office. The burden on his purse may amount to thousands of dollars a year. But men are eager and willing to make this sacrifice, even though it involves long years of unremunerative service in the Town Council. Many cities have recognised the impropriety of throwing this financial burden upon the Mayor, and have made appropriations to cover some of the obligations which it involves. But the cost is still a heavy one, even aside from the exclusive demands which it makes upon a man's time.<sup>1</sup>

The actual administrative work of the city is performed by the Town Council. The Council is a large body. It is as large as many of our state assemblies. It acts through committees. Each member of the Council serves upon a half dozen or more. There are from a dozen to thirty such com-

<sup>1</sup>This description of the Mayor and his position does not, of course, apply to the smaller communities. The organisation of the Scottish municipalities is essentially the same as here described, although many differences exist as to aldermen, magistrates, powers, etc.

mittees, the more important of which are still further subdivided into smaller sub-committees.

The members of the Council are elected for three years, and are chosen by wards. There are also a number of aldermen who sit with the elective members and enjoy the same powers. They are chosen by the Council immediately after the election in November. One-third of the councillors are elected every year. The aldermen are chosen for six years and one-half of them retire every three years. The latter are usually distinguished men, who have served as members of the Council, or who are eminent in some line of municipal work. The London County Council has 118 elected members, chosen from parliamentary constituencies, and nineteen Aldermen elected by the Council itself. The Council of Glasgow has 75 members. The City of Liverpool has 134, and Manchester has 103. The Councils of the lesser towns are correspondingly smaller. The Mayor, Aldermen, and Councillors together form the Town Council, and sit together as a single chamber.

In America the tendency is away from the large Council. Recent charters have abandoned the two-chambered assembly, and reform organisations have recommended the reduction of the Council to a small, compact body. A tendency is also manifest to elect at least a portion of the members on a general ticket from the entire city. It is said that a



better class of men can be induced to run for the Council if it is a smaller body, with the members elected at large. Having found that election by wards failed to bring forward satisfactory men, we have sought relief through enlarging the constituency and reducing the number of men to be chosen. The English type of the large Council was quite universal in America up to a generation ago, when the failure of local administration led to a very general modification of the machinery, in the belief that our failures were traceable to the size of the Council. In consequence, we limited its powers, and placed our reliance upon a strong executive. We have made of the Mayor a benevolent patriarch, in the belief that we can hold one official to responsibility more easily than we can hold fifty. The Council of the American city has become a sort of political vermiform appendix. Through this subordination of the Council, at least in the large cities, we are really governed by the Mayor. So far as real power is concerned, it has passed into his hands, and the hands of those associated with him as executive officials.

There is some reason for this change. City government is administration. Ordinances are not unlike the decrees of the Prætors of ancient Rome. They relate to the details of a big business. They concern the health, the protection, the cleanliness, the education, the comfort, the happiness of the

people. They are legislative only in occasional instances, such as granting franchises, determining how revenue shall be raised, how much money shall be appropriated, and deciding matters of a large city policy. And these administrative matters can be determined by a small body as readily and as wisely as by a large one. As a matter of fact, they are usually so determined even where the Mayor's legal powers have not been enlarged. For the Council has become little more than a registering body guided by the opinions of the departmental heads.

The organisation of the English city is far different. The executive work of each department is performed by its special committee. That they have achieved success where we have failed does not argue that we should return to the English model, any more than it proves that the theoretical correctness of our system should urge its adoption in Great Britain. Causes other than the form of government explain the efficiency and honesty of the English city.

Each committee appoints the manager and superintendent of its department, subject to the approval of the Council. Through these heads the work of the city is carried on. The managers are chosen because of their recognised fitness, and are usually trained to a municipal career. Not infrequently, men are called from one city to the other, much as the German Mayor who has distinguished himself

is promoted. The aim is to find the man for the place, rather than to make a place for a man. Subordinates are employed by the managers. They are chosen by a competitive process not unlike that which a business man employs. For there is no compulsory civil service law in the English city. Merit is enforced by public opinion. The filling of a place through friendship or favour is of occasional though rare occurrence. And once appointed, an employee retains his position so long as his service is satisfactory.

This sense of permanence in city work, as well as the better pay and more generous consideration shown the employee, has given dignity to municipal employment. There has come into existence an *esprit de corps* and a jealous rivalry for promotion. The city often provides superannuation funds and sick benefits. It offers shorter hours, and usually recognises the trade-union rate of wages. But it is not alone the material advantage of municipal work that makes it preferable to private employment. There is a sense of dignity that comes from working for the city. It is a sense of *noblesse oblige* which animates the street cleaner as well as the city chamberlain. This is a consideration always overlooked in our low estimate of the city job hunter. But to some extent, even in America, it relieves the alleged inefficiency of the public employee.

The committees are entrusted with the expenditure of the appropriations for their departments, subject to the approval and criticism of the Council. They fix salaries and wages. They determine the details of departmental control and keep in close touch with the work. The labour of an important committee is very arduous. Many men are on a half-dozen committees. Some serve on even more. A Councilman's hours are filled with engagements, which he is usually scrupulous in attending. If he is a magistrate, he has daily engagements at the Police Court, and if he is in the midst of an election, he may not see his home from early morning until late at night. For all this service he receives no pecuniary compensation. A luncheon may be served for his committee at the Town Hall, it is true. But woe to the committee whose luncheon budget seems to indicate too large a wine bill. For the elective auditors and the labour members often find in a few unnecessary sovereigns ground for complaint as impassioned as the report of a grand jury investigating the corruption of an American city.

To return to the Town Council. The method of election to that body is simple in the extreme. It is also very democratic. It involves little or no cost to the candidate. A man is put forward for the place by a committee of the ward. He is nominated by two electors and endorsed by eight seconders. This is the only formality required to get on the

ticket. It is usually managed by the party committee. It is nomination by petition. This explains in part the high type of men who enter municipal life. There are no assessments to be paid to a party machine. There is no boss to be placated. There are no pledges to be made, save those that a man makes to his constituents. There may be but one candidate from a ward, or there may be a dozen. Very often there is no contest. A Councilman whose service has been satisfactory will remain in office a score of years, and never have his seat questioned. For politics do not determine the question of the choice of a man. The question is rather the efficiency of his service. In some of the cities, however, political lines are as sharply drawn as in America. But generally the election is determined, as nearly as popular opinion can determine such things, by the merit of the candidates.

The election is as simple as the nomination. The English elector decides one day whom he wants for Councilman. On some other day he decides whom he wants to serve in Parliament. The parish elections are held annually in April; the county elections are held triennially in March; the municipal elections are held annually in November; and the school-board elections are held triennially from the date of the formation of each board. The principal officials whom the English voter elects are the member of the Council from his ward and the

member of Parliament from his district. These, with the members of the Parish, School and Poor Law Board, are about the only offices he is called upon to fill. When he goes to the polls he is not confronted with a long list of Presidential electors, Governors, Congressmen, members of the Legislature, Judges, county, township and city officials, all on one ballot, with many of whom he is not even familiar by name.

There is a great advantage in the English system of holding elections on different days and limiting the number of officers to be chosen directly by the people. It is absurd to expect a man to vote intelligently for a score or more offices, from the President of the United States to the Police Court Clerk, and with a hundred names to choose from. With great benefit we could limit the number of elective city officials to the Mayor and ward Councilman, as is done in many cities, and have all the other administrative offices filled by the Mayor. There is nothing undemocratic in having the Solicitor, Treasurer, Auditor, and Police Court magistrates so appointed. Under such a scheme there would be unity of administration and complete responsibility to the people, with the minimum of confusion to the voter.

In Britain it is not necessary that the candidate for the Council live in the ward which he represents. He may come from any section of the city.



He may even resign in one ward and run from another. This gives an added independence of action to a Councilman. It also enables the city to secure the services of the best man in the community.

In recent years the character of the Town Councils has been changing. Many men admit this with regret. The "gentlemen" are being crowded out, the working men are coming in. And the average Englishman is tenacious of the idea that politics, the church and the army are places set apart for "gentlemen." Up to the last election he never doubted this fact as to Parliament, and conceded the presence of labour members in the City Council only with grave questionings. The man who would spend lavishly, who was a generous employer of labour, or who headed every movement for charity, has always been the average Englishman's idea of the representative of the ruling class. It is this tradition that has kept the rural districts conservative and the working classes from obtaining control of the cities. But the tradition has been shattered. First of all, the wage-earner found his way into the Council. In time, other classes came to respect his integrity no less than his ability. All over England the labour members are on the increase in the Town Councils. Many of them are socialists in name and in purpose, but their programme is one of gradual advance all along the

line of industrial activity. There are twelve such members in the Glasgow Council. In Sheffield, the labour members are even more numerous, while Poplar, Battersea, and West Ham are recognised as workingmen's councils. And it was the experience gained in local government that emboldened the Independent Labour party in the recent Parliamentary contest. This explains, in part, the thirty odd labour members in the House of Commons. And it must be admitted that the labour members have been earnest and conscientious. They have never been charged with corruption, rarely with the creation of unnecessary jobs, or unreasonable increase in wages or means of employment.

In every city there is a generous sprinkling of men of leisure in the Council, men who have retired from active life and who desire to serve their community. In the early days of the London County Council, Lord Rosebery was its Chairman. It also contained in its membership Sir John Lubbock, Frederic Harrison, and a score of professional men. In other cities the same sort of man is found. But the prevailing type is the small business man who has risen, and who desires to round out his life by some kind of public service.

The Town Clerk is the most dignified salaried official of the Council. He is much more than Clerk. He is the legal adviser of the corporation. He knows everything, does everything, and is held

responsible for everything. He is highly salaried, the remuneration in some instances running up to \$15,000 per annum. He is an expert in municipal administration, much like the German Mayor, and usually holds his office for life, irrespective of the political colour of the Council. Councils often go to another city in their choice of a clerk. Glasgow recently advertised for candidates from all Great Britain. She desired to find the best man in the Kingdom for this office. The clerkship is the clearing house of the Council. The clerk is the secretary of all committees. He is their adviser on all legal matters, and has charge of the archives of the city. The office not only carries with it considerable local dignity, it also requires a trained, highly skilled official.

This is the skeleton of local administration in Great Britain. The activities of the Town Council are limited to city administration proper. The form of organisation is the same in all. But the powers of the Councils are not as adequate as their efficiency would seem to warrant. In the matter of police, fire, health, street, and other routine administration, they have a free rein. But there is little home rule in the sense that is demanded in America. The supervision of Parliament in matters of finance and taxation, in the undertaking and management of new industries, in the regulations of the franchise corporations and the tenements, in

the condemnation and purchase of land, is constant. While the English city has gone in for many enterprises of a remunerative character, this has not been done as a matter of legal right. It has only been permitted after a searching enquiry by Parliament. In this respect the English city is more limited in its general powers than is the American city.

In addition to the Town Council there are many isolated boards and commissions. The care of the poor is in the hands of the Board of Guardians. The docks are usually under separate management. The gas and water undertakings of Edinburgh are under a joint body of several towns. In London, the water supply is under the control of a separate board, as are the docks on the Thames. The police of the metropolis are governed by Parliament directly through the Home Office.

The members of the Town Councils, as well as other local authorities, are highly respected. While a majority of them do not come from the leisure class, they are men who command the confidence of the community. Earnestness is the prevailing note in municipal politics. The problems of the city are met with a seriousness that promises their ultimate solution. Council meetings are well attended, and the discussions are warm and animated. The line of cleavage among the members is on economic or class lines. And it is daily becoming

more pronounced. On the one hand are the labour members and the radicals. On the other are the leisure classes, the business men, and the heavy rate-payers. These divided interests are in constant conflict over municipal ownership, trading, the housing question, and the direct employment of labour. The one class is seeking the enlargement of the city's activities, the abolition of the contractor, and the improvement of the condition of the people. The other is jealous of its own advantage and solicitous of the burden of local taxation. The oncoming political conflict of Great Britain may be discerned in this division of classes. It is a perfectly natural line of division; and it is inevitable. The unprivileged classes are struggling for the control of government for the benefit of all of the people, just as the land owners, the franchise corporations, and the privileged interests have heretofore controlled it for the advantage of a few.

## CHAPTER IV

### THE CITIZEN AND THE CITY

TO WHAT is the success of the British city due? Why is it so efficient, and the members of the Town Councils so uniformly honest and diligent? Why has the spoils system no place in a country where the struggle for existence is far more relentless than it is with us, and the opportunities for machine politics so greatly increased through the extension of municipal trading? Why is there no jobbery, no boss, no "system" of private interests back of the administration? Why have the cities of England so signally succeeded where we have so generally failed? These are questions which the American people are seriously asking themselves.

Most critics have ascribed the personal honesty and efficiency of British local administration to the character of the men who compose the Town Councils. In Great Britain, politics is treated as a gentleman's profession. The leisure classes are said to have given dignity to local administration and lifted it above reproach. Honesty and efficiency are attributed to personal causes, to the traditions and character of the British people.



It is doubtful if this is the true explanation. Certainly it is inadequate. The real cause lies deeper down. It is to be found in an economic, not in a personal or ethical cause. To understand the spirit of the English city, it is necessary to understand the citizen; and to understand the citizen it is necessary to understand the method of levying local taxes and the meaning of the city to the people who compose it.

The English voter and his closest political agent, the Town Councillor, are, before all else, rate-payers. They approach every municipal problem with the question: "How will it affect the rates?"<sup>1</sup> This is the most universal solicitude of local politics. It crops out in every discussion. It is constantly heard in the Council chamber. It obtrudes in all campaign literature. When the voter goes to the polls, when the alderman passes upon an undertaking, he does so with the spectre of the local rates constantly before him.

It may seem to be going far afield to find an explanation of city administration in so sordid a thing as the method of levying taxes. But it is nevertheless true that a government is profoundly affected by the means adopted for the payment of the common bills of the people. Some of the cor-

<sup>1</sup>Taxes for the support of local government are called "rates" in Great Britain; those of the Imperial Government are called taxes.

ruption, and most of the extravagances, of Congress are traceable to our system of indirect taxation. The people are unconscious of the taxes which the Federal Government collects. They do not feel the burden of the customs and excise system. The cost of the War and Navy Departments, of internal improvements, of pensions, of colonial administration, are paid for out of consumption taxes. They are not felt by the voter. A billion-dollar Congress excites little comment. It would destroy a party if its expenditures had to be raised from an income duty or from taxes imposed directly upon wealth. Local taxes, too, are levied upon property in America. And as only a limited number of people own their homes, or a sufficient amount of personalty to be visited by the assessor, they are unconscious of their local burdens. Land is assessed at what it will sell for, not on the amount received by the owner in rent. Buildings, machinery, stocks and bonds are valued at their capital value. Upon this sum a certain percentage is levied for local purposes. And the right to vote has no connection with whether a man is on the assessment roll or not. The suffrage is a personal right.

In the British city this is not so. In order to vote, it is necessary to be a rate- or tax-payer. And as local rates are assessed upon the occupier or tenant, rather than upon the owner, the voter pays directly, and he knows the cost of the city to him

to a penny. Local rates are fixed by the rental and not by the capital value of the premises. It is assumed that the amount of rent a person pays is a proper measure of his ability to pay taxes. If he pays \$500 a year rental for his house, his office, or his place of business, he must pay (if the local rate is six shillings in the pound) \$150 more each year in taxes. The landlord who owns the premises pays nothing, or practically nothing. It is not land, and houses, and machinery, and stocks, and bonds that bear the burdens of local government. It is the enterprise of the man who makes use of the property. This is true of the imposing office building. It is true of the smallest rated tenement. It is true of the mine owner and the railway operator, as it is of the tenant farmer. All local taxes are assessed against the occupier, and are fixed by the rental value of the premises.

At the same time, men do not vote because they are citizens. They vote because they own land or pay a certain rental, which must amount to fifty dollars, or ten pounds, a year. An unmarried woman may vote if she has the other qualifications.<sup>1</sup>

Practically all Englishmen are tenants, and as the taxes are assessed against the occupier, the right

<sup>1</sup>The right to vote at municipal elections is limited to male persons over twenty-one years of age, who reside in the borough, or within seven miles of it, who are rated for the relief of the poor, and are not in arrears for taxes, and have not received poor relief during the preceding twelve months. The voter must also have been in occupation of his premises on the

to vote is a rate-payer's privilege. It is not a right, which is enjoyed by any man of proper age, as it is with us. It is a privilege that attaches to the ownership or occupancy of property.

In consequence of this fact, rates, rather than people, are represented in the Town Councils. Only he who pays rates is presumed to be interested in the government. By reason of this fact, the Town

15th of July, and for one year preceding, and fall within one of the following classes:

- (1) The occupation of any dwelling house.
- (2) The occupation of any land or tenements, shop, office, or chamber of (£10) fifty dollars annual rental.
- (3) A lodger occupying apartments of the annual rental of (£10) fifty dollars, unfurnished.
- (4) A person separately inhabiting a dwelling house by virtue of any office service or employment, whether he pays local taxes or not. Unmarried women occupiers may also vote. A man may vote in several county districts if he has property in each to place him on the Parliamentary rolls.

The right to vote is denied to Peers of the Realm, and the hired agents of candidates, because of the fact that they would be expected to exercise undue influence. Minors, lunatics, paupers, felons, and women (except as above indicated), and members of the police force, are also disqualified.

Suffrage is not the same in England and Scotland, nor for Parliamentary and local elections. It has been gradually extended from the early half of the century. Prior to the Reform Act of 1832 there were about 500,000 men on the register. An equal number was added by the act of that year. The act of 1867 still further liberalised the suffrage, and added about one million electors. Not until 1884 was the electorate again broadened, when about three million more voters were taken into the nation's confidence, bringing the total up to nearly five millions in England and Wales. The suffrage is still far from universal. It does not include the very poor and the millions whose transitory residence and lack of property qualifications exclude them from the right to vote. And it is essentially a property right.

Council is a rate-payer's body. The voter grumbles when his taxes are raised, and punishes his Councilman for it. All this makes for responsible government. For the citizen watches the Council meetings and its expenditures. His vote directly affects his purse. And he is very watchful of any new departure, of any new loan or enterprise, of any big, generous policy upon which the Council might venture to embark.

A typical instance which indicates this rate-payers scrutiny is afforded by the city of Glasgow. Sir Samuel Chisholm had been in the Council for nearly a score of years. He was a commanding figure in the community. He had been identified with the great business enterprises which have given that city such a commanding distinction in the trading world. His career was rounded off by an election to the office of Lord Provost, as the position of Mayor is called in Scotland. During his incumbency as Provost he identified himself with a proposal for cleaning out some of the worst slums in the city. It was an improvement badly needed, for Glasgow is one of the worst housed cities in the world. On the expiration of his mayoralty he determined to again run for the Council. This was a rather unprecedented thing, for a man is expected to retire from active politics after he has reached the highest position in the community. But his programme for municipal slum clearance

and housing involved a heavy expenditure, with some addition to the tax rate. It aroused great opposition, and despite his position and unquestioned services to the community he was defeated for re-election. Other influences contributed to his defeat. For he was an earnest temperance advocate, and the public-house keepers are said to have combined with the large rate-payers against him.

Another instance is the recent London elections, held in March, 1907. The Progressive party, which had been in control of the County Council for years, had developed the activities of London and incurred heavy indebtedness for many needed improvements. It had greatly increased the rates for educational purposes. Badly needed parks, bath houses, and street improvements, had been opened. But the Progressive party was defeated and the Moderates or Conservatives placed in power by a large majority.

It is this interest in the rates that has stimulated the growth of municipal ownership. Other influences have contributed to it, but at bottom the rate-payers are united in the conviction that it is good business for the city to own the big franchise corporations that make use of the streets. For in England, though not in Scotland, the public enterprises have been widely used for the relief of taxation, and as the local rates are very heavy, the rate-payers have seen in these enterprises an opportu-



nity for relief. In addition to this, unimproved property is largely exempt from taxation, so that the burdens on the other classes are often excessive.

The same pecuniary interest that has led to municipal ownership keeps the rate-payer alert after an enterprise has been acquired. For any improvidence on the part of the Council may readily become a burden on the tax-payer. Every new venture is carefully studied before it is entered upon, and the Council committees are constantly striving to make the best possible showing for their departments. This is one of the explanations of Britain's success in the things her cities have turned their hands to.

This tyranny of the rate-paying classes explains some of the excellencies of the English city. It also explains its worst shortcomings. The unseen effects of throwing the burden of taxation on to the occupier alone are almost all bad. It leads to a cheese-paring policy which cramps and confines the city. This is one of the chief burdens on democracy in Great Britain. For the Council hardly dares to be responsive to any big humane proposal for the betterment of the condition of the people if it involves an increase in taxation. Beauty, art, education, better housing conditions, and slum clearance are sacrificed to the sordid ideal of the rate-payer.

In this respect the average American city is

much more hopeful than are the cities of Great Britain, even though it is now devoid of the inspiring examples which that country offers. For the average American voter is not conscious of his local taxes. Only an insignificant number of voters are the owners of taxable property. In New York City only about  $4\frac{1}{2}$  per cent. of the total number of houses are owned by their occupiers free of mortgage. But one person out of every one hundred and forty appears upon the tax duplicate as the owner of personal property. Even in the Western cities the home owner is the exception. And as all local taxes in America are assessed against the property, the tenant is unconscious of the cost of city government.

For this reason democracy in America is rather indifferent to the cost of its experiments. And any reform movement based upon economy, retrenchment, or a tax-payer's programme, meets with little sympathy. The British voter, however, is always alert to the question of cost. He is inspired by a material rather than a civic enthusiasm. This explains the solicitude of the Council and managers over the financial showing of any enterprise. It is this that accounts for the policy of rapid debt repayment, the accumulation of reserve funds, and the subordination of immediate reductions in fares and charges to a cautious financial policy. If any criticism is to be made upon

the trading enterprises, it is that they have gone far beyond the necessities of conservative financing in their fear of a possible burden on the rates. In many instances they have called upon the present generation to hand over properties to its successor that will soon be free from indebtedness, or have delayed extending the service in order that the earnings may be used for the relief of taxation.

This method of levying rates and of limiting the suffrage to the tax-paying class explains in part the honesty and efficiency of the Town Councils. For there is always a material incentive to watchfulness and the nomination of good men for office. It is not an exalted motive, perhaps, but it is a universal one. The economic instinct of the ratepayer, who has little from which to pay, is as potential a force as is the economic motive of the franchise seeker, who in America has much to gain.<sup>1</sup>

Still another influence awakens the affection of the people for the city. It also explains the dignity

<sup>1</sup>It is true there is a large class in every industrial city who are not conscious of their taxes. There are thousands of voting lodgers or boarders who are not assessed directly. Their taxes are paid by the landlord, who shifts them on to the lodger by the addition of a sixpence or a shilling to his weekly rent. It would be interesting to follow the effect of this indirect payment of taxes on the political outlook of these classes. In such constituencies as Poplar, one of the boroughs of London, a large part of the voters are such lodgers. And this is a strong socialistic centre. The same is true of West Ham and Battersea, which are radical boroughs. Whether the absence of direct taxes explains the radicalism of such communities is only conjectural.

of the office of alderman and the honesty and efficiency of the Council. It is the magnitude of city work. The renaissance of municipal administration followed the big undertakings which the cities have taken over during the past fifteen years. Municipal trading has attached all classes to the community. It has endeared the city to the people. It has created a topic of absorbing interest. The sense of thrift aroused by the desire of relief from the burdens of taxation has been followed by a sense of intimacy, of attachment to the city. The citizen loves the city that manifests some love for him. The more the city does, the more it receives in return. Moreover, big men like to be doing big things. They wish to be part of a city that is the centre of everybody's attention and the topic of all conversation. The ambition which lures men to the directorate of railways, banks, and industrial companies in America lures them in England to the directorate of the city, when the city is big enough to command their services. There are many men who would give their time to a city tram line who would not be attracted by the petty details of routine administration. The very bigness of the English city invites to its administration those most fitted to carry it on.

It is, of course, said that such men could not be elected in America; that they are excluded from political life by its badness. As a matter of fact,

the thing that keeps honest men out of politics in America is not the people, not our undeveloped ideals; it is the franchise corporations who complain of their absence. Analyse the politics of any of our large cities, or even of our States, for that matter, and this fact becomes manifest. In New York, Philadelphia, Pittsburg, Cincinnati, St. Louis, conditions are the same. Everywhere the boss, the party, the machine, are identified with the big business interests centering about the street railway, gas, and electric lighting companies. The corrupt bosses are the brokers of franchise corporations. The trail of corruption leads not to the people, but to the office of the banker and the broker. It is these who nominate the "safe and sane" councilmen, tax assessors, and mayors. They do not choose the honest and efficient to rule. Their business is not consistent with honest government. Franchises are not obtained in the open—they are bought and sold in the office of the brokers of privilege, who make use of the party organisation as a means of delivering the goods.

Moreover, the class of men who are found in the English city, in America cannot, and dare not, enter local politics. They are identified with interests adverse to the city. They are kept out of politics by fear, by business and social pressure, by that intimate class instinct that distrusts democracy because democracy believes in the destruction of the



privileges which they enjoy. The American city is thus bereft of its best talent. The banker, the broker, the business man, the lawyer, are all divorced from the city. Their pecuniary interest is elsewhere. We have tried the impossible in America. We have placed franchises worth millions on the gaming table of politics to be awarded to those who will take them through political manipulation. We have done this, and wondered why the talent of the community did not enter the City Council.

Had the British cities such prizes to offer, they would probably be as corrupt as are our own. But Parliament grants all franchises itself. It does it by special acts. The cities have no control over the terms. They can interpose a veto on tramway grants and secure powers to operate tramways, electric light, and gas enterprises themselves. But here their powers end. The city cannot fix the terms of the grant or regulate the service or the charges of the company. The corruption which we, in America, find in the Council chamber appears in Great Britain in Parliament. Not in the vulgar forms with which we are familiar, but in a way that is equally costly so far as the people are concerned. Inasmuch as the cities have never had any control over franchises, they have never been subject to the great temptations incident to their disposal. And now, where the cities own these utilities, we find the class of men who are identified with fran-



chise manipulation in America identified with the city in the administration of the same industries.

Municipal ownership thus identifies all classes with the city rather than against it. The economic, no less than the civic interest, of all the people demands honest administration. As there are no franchises to be struggled for, the talent of the community seeks expression through those channels which are open to it. As the biggest corporation in the community is the community itself, men seek to serve on the Board of Directors of the city.

In addition to this, the Town Councils have quite generally abolished the private contractor. They are doing their work by the direct employment of labour. All classes who might be interested in privilege are exiled from the Council chamber. They are free to serve the city without at the same time sacrificing their personal welfare. This is a great gain. It frees the press. It relieves the business and professional interests always identified with privilege.

Herein is the explanation of the British city and the British citizen. The success of the one and the honesty and efficiency of the other are traceable to the economic rather than the ethical or personal motive. The system of local taxation on the one hand and the absence of special privilege on the other are the controlling influences in municipal administration. The one compels an interest in the

city through fear. The other attracts all classes through the opportunity of service. To both of these influences human nature responds. The love of service, no less than the fear of want, or the love of wealth, is a compelling motive of human action. And the British city has united them all in the service of democracy.

It is not the traditional ideals of public life, not the sense of *noblesse oblige*, not the higher personal honesty of the British people, that has made the city what it is. These influences have helped; but the foundation is an economic one, so adjusted, however, that it appeals to the interest of all classes rather than to the interest of a privileged few.

## CHAPTER V

### THE IDEALS OF THE BRITISH CITY

GREAT BRITAIN, like America, is being democratised through the city. It is also being socialised. While Parliament is distant from the people, and essentially reactionary, the Town Councils are responsive to public opinion, and have attained a political consciousness nowhere else manifest in Great Britain. Just as the American city is becoming democratic in its thought, through economic issues which are taking the place of party names and traditions, so the British city is laying the foundations upon which will be erected a socialised community, with ideals that are little short of revolutionary.

Popular government is being vitalised in the cities. The British people are making use of the tools that were placed in their hands by the Reform Acts of the early part of the century, and all of the tendencies point to the use of these powers for increasing the functions of the municipality. Democracy is becoming industrial. It is seeking an explanation of poverty in economic rather than in personal causes. It is striving to relieve the cost of the

industrial system by substituting the city for warring private interests. The economic motive is uppermost. In Ireland, in England, in Parliament, in the cities, the struggle is one of classes, of the unprivileged many against the privileged few. The changes which are taking place are inspired by the common people. For this reason they are bound to be permanent. The cities are seeking the betterment of social conditions through the direct positive action of the community itself. The permanency of this movement is further assured by its universality. In Germany, France, Italy, Switzerland, Belgium, and Russia, the issues are the same. It is a class movement struggling upward from below. It is a class movement, too, because those who make the programme a possibility come from among the workers. The struggle involved is one of economic opportunity. It is a struggle for the chance to work and participate in the wonderful industrial progress of the past century. And everywhere the city is the centre of this new political activity. Everywhere the tendency of democracy is toward decentralisation, to the use of the powers resident in the municipality for the relief of the poverty and despair which has settled down upon the submerged classes.

There is nothing surprising in this movement. It represents a shifting of power from the few to the many. From the beginnings of organised so-

ciety, government has always represented a class. The class may have been only the king. More frequently, it has been the king and the aristocratic orders identified with the land. In more recent years the land-owning classes have opened the doors and permitted the commercial classes, whom the industrial revolution has raised to wealth, to share their powers. But whatever the class, it has always controlled the government. It has made use of its powers for the creation of privileges and their subsequent preservation. It has devised tax laws of its own liking and shifted the burdens of government on to the poor. For commercial purposes it has plunged great nations into war. It has made use of the machinery of government for the creation of railway, franchise, mining, and other privileges for which the mass of the people must of necessity pay. And in no country has privilege as firmly identified itself with government as in Great Britain. Nowhere has it enjoyed such undisturbed control of administration. And democracy is now seeking to make use of the same political tools to readjust the burdens of life and to abolish the law-made advantages that the class which rules has so long enjoyed.

The programme of municipal democracy in Great Britain is both conscious and unconscious. It is conscious on the part of the Fabians and other socialists, with whom are allied the advanced Lib-

erals and the working classes. It was the Fabians who first gave literary expression to the movement. They formulated a programme of municipalisation, of evolutionary socialism, and the decentralisation of government. They have produced a literature which has profoundly influenced public opinion, and formulated a conscious ideal of municipal possibilities that is the inspiration of a multitude of workers. They have entered politics—first the Town Councils, and then Parliament. In a general way the present Liberal ministry is committed to Fabian tendencies. The most profound influence, however, has been upon local administration. In the cities the Fabians, together with the labour representatives, form a progressive element which has become a portentous menace to the age-long abuses of the aristocracy. It is not improbable that a considerable number of the great industrial towns will fall under the control of these classes within a comparatively few years. With that achieved, and with Parliament responsive to the wishes of the towns, the British city will offer a fully equipped and highly perfected experiment station of municipal socialism.

The movement toward municipalisation has been unconscious on the part of the trading classes and small business men. They are the controlling classes in local government. The burdens of local taxation, and the necessities of sanitation, health, and edu-



cation, have allied them with the more radical members of the community. Up to the present time these classes have been in control of the Town Councils. And they have applied their business experience to the successful administration of the enterprises upon which the cities have entered.

The average British Councilman has no abstractions about government. He is not concerned with any philosophic ideas of the proper functions of the State, of what it should do and what it should not do. He moves from one undertaking to another as the necessities of sanitation, transit, decent housing conditions, education, or the immediate emergency demands. He gives no thought to whither the movement is tending; to whether its ultimate goal is socialism, or the reverse. But he is always solicitous of the tax-rate. The most radical recognises that municipal enterprise must ultimately pass the scrutiny of those who pay the bills. For this reason, public undertakings are as jealously watched as are the expenditures of private business. And it is the very general financial success of municipal ownership that has endeared the movement to the rate-payers. For the earnings of these enterprises have been widely used in England for the relief of taxation. This identifies with every extension of the movement not only the propertyless class and the wage-earners, but all those who see in trading a means for the further reduction in their rates.

Up to the present time thrift has probably been the determining motive in the movement. The success of one town aroused the rate-payers of another, always alert to this side of municipal administration.

Municipal trading is likely to grow as its success is assured. There is no reason to believe that the towns will be content with the natural monopolies which have been already taken over. Public opinion will move from one activity to another as local necessities suggest. In the last ten years thousands of men have been identified with city work. They are in the employ of the street railway, electricity, or gas departments, or the workshops of the Council. If influenced at all by municipal employment, it will be in favour of still further extensions of the public activity. The community, too, has responded to the broadening of the public service. The uniform courtesy of the managers, Council committees, and city employees; the improvement and cheapening of service; the responsiveness of public enterprise to public opinion, have created a feeling of intimacy and control on the part of the people which did not exist under private ownership. A sense of unity has come into city administration. With this has come a sense of fraternal helpfulness. Public trading has aroused a reflex action upon the people. The best governed cities in Great Britain are those which have enter-

ed trading most extensively. In such towns one finds a keen, vibrant sense of the city; of its life and meaning.

There is something psychological about all this. A city that keeps its hands off, that does nothing but police and clean the streets, means but little to the people. But when it adds to the traditional functions, the manifold services of transit, gas, water, electric light, libraries, parks, baths and lectures, it awakens the love and interest of the community in itself. In the trading towns people talk city. One hears it in the clubs, the restaurants, on the street cars, everywhere. The fact that a man is a joint owner in the tram line makes him critical and appreciative of the tram line. He is interested in its earnings—he follows its balance sheets from year to year. He talks about extensions, rates of fare, and the innovations suggested by the Council. He follows the doings in the Town Hall, and knows in an intimate way the life and traditions of his Councilman. The debates of the Council are far more absorbing to him than the doings of Parliament. All these things are but the reflex action of the city upon its people. It becomes the most important thing in their lives. It touches them at so many points and serves them in so many ways. The citizen looks upon the city as his city; not as a thing distant and apart from him, but as something in which he has a vital interest. And nowhere is

there any movement away from municipal ownership. The cities rarely abandon any enterprise to which they have put their hands. The best test of the movement is the fact that all classes, save those which have suffered by the change, are a unit for its preservation, if not for its extension.

A further influence toward trading is the fearful poverty of the bulk of the nation. Words cannot exaggerate the degradation which seems to oppress the mass of the inhabitants of the English city. It is seen in their wretched tenements, but most of all in their appearance. No country of western Europe presents a scene of such universal despair as do the cities of Great Britain. The scale of wages, the extent of non-employment, the statistics of poverty, the loss of physical stamina—all confirm the evidences of the eye. The country villages are but little better. And Parliament, which represents the privileges primarily responsible for these conditions, refuses to grant any relief that threatens to interfere with the ancient abuses of its members.

All of these influences are arousing England to a new conception of politics and of the purpose of organised society. There is a renaissance of belief in public activity as opposed to private charity. And the very general success of the things that have been undertaken has led to a confidence in the city that does not exist as to Parliament.

In a general way, the ideals of the English city

are expressing themselves along two lines. The one is avowedly socialistic. It makes no distinction between enterprises which are natural monopolies, and exist by franchise grants from Parliament, and industries that are subject to the regulating power of competition. It is not content with what has been done, but would socialise all enterprise. It would take over all of the means of production for the common weal. Militant state socialism, such as prevails in Germany, has not obtained the substantial following in Great Britain that it has on the Continent, but the evolutionary socialism of the Fabian type has saturated almost all classes.

On the other hand are the land reformers. They would socialise the natural monopolies and take over all land values by means of taxation. They are followers of Henry George. The latter programme is particularly aggressive in Scotland and in the cities. It has a strong following in the present Liberal ministry. A league of municipalities comprising most of the local authorities in Great Britain has been organised for the promotion of land value taxation. The present Liberal ministry is committed to some measure of this sort, which will permit of the partial appropriation by the city of the unearned increment which has followed its growth. Through this means the monopoly of the landlord will be broken, for he will no longer be able to hold his land for speculation. The tenement



problem will be open to correction, for then men will have to make use of the land which they now hold free from taxes in order to meet the demands which the community imposes upon them. Vacant land lying about the city will be opened up to occupancy, while the millions of unemployed will be lured back to the countryside, from which they have been dispossessed by the rack-renting of the English landlords.<sup>1</sup> The line of division between these two programmes, while perfectly clear to the leaders, is not observed in politics. The Fabians, progressives, and labour leaders are committed to the socialization of land values. They are also to be found on the side of every movement for increasing the powers of the municipality.

While these are the ultimate ideals of the more advanced reformers, it must not be supposed that they are in a fair way of immediate realisation. The cities are so limited by Parliament that every forward step has to pass the scrutiny of powerful vested interests who are jealous of the growing activities of the towns and in constant fear for the preservation of their privileges. They form the most sympathetic aristocracy in western Europe, and are probably the most powerful. They *are* the House of Lords. They exercise great influence in the House of Commons. Every advance of democ-

<sup>1</sup>Rack-renting is a term of common use in Great Britain. It is the exaction of excessive rentals from agricultural lands by reason of the demand for it on the part of tenants.



racy has to make its way against organised opposition. And the rate-payers have to pay handsomely for every vested wrong that the Council destroys. It is for this reason that the impression thus far made upon the poverty of the British city is very slight. And the realisation of the programme of municipal socialism, or the taxation of land values, is a thing of the far distant future. But the programme has become a working one, and democracy has identified itself with its achievement.

Thus far the movement for trading has centred about the ownership of the street railways, electric lighting, gas, and water enterprises. These have been very generally taken over by the cities. Something has been done to improve the housing conditions, but not much. In addition, public education has been greatly promoted. The municipalities have erected public bath houses and laundries. Libraries are being established, as are polytechnics. The cities, too, have greatly improved the well-being of their own employees. They have established fair wages and opened works departments for the execution of municipal contracts by the direct employment of labour.

The immediate programme of the cities is a demand for permission to buy land in advance of the city's growth by compulsory purchase, and the taxation of land values. They are also seeking powers

to open employment agencies and municipal pawnshops, slaughter houses and bakeries, to supply milk and free lunches to school-children. An agitation has gained some headway for municipal fire insurance and municipal brokerage establishments. Parks are being opened and public concerts are given, while many other activities of a helpful sort are being promoted. This is far from a socialised city. But the direction of the movement is industrial, and that is the principal thing.

Such a programme of an enlarged city life involves honest administration, and the Town Councils are filled with men whose honesty is on a par with their disinterested service. The British city is free from corruption, not only the vulgar corruption with which we are familiar, but the more subtle and sinister corruption which comes from a community of interest between big business enterprises and the government. Occasional instances have come to light of embezzlement or other malfeasance; but such instances are so rare that they do not qualify the universal honesty of the English city. Its business is carried on with economy, contracts are awarded to the lowest bidder, and bribery is practically unknown.

During the controversy which raged some years ago over the subject of municipal trading, the charge was made in the press that municipal ownership promoted corruption. These charges led to

a very general investigation by the Town Councils. The results of these enquiries were reviewed by Mr. Robert Donald, the editor of the *Municipal Journal*, in the *Contemporary Review* for May, 1903. The following are among the most flagrant disclosures: It appeared that a Councilman in Darwen had an interest amounting to five pounds in a corporation doing business with the city. The Councilman resigned. In Blackpool it was found that three members of the Council were directors of companies having dealings with the city, and that their combined holdings in the companies amounted to thirty-two pounds. It was also found that two members of the Council had sub-contracts on the building of the Town Hall. A number of instances were found of members who supplied goods to the city as sub-contractors. All these goods, however, were supplied at competitive bidding, and presumably the Council lost nothing in accepting the lowest tender. The most widely quoted case was that of an Alderman in Manchester. He was a candidate for the Lord Mayoralty, and would probably have been elected. It was found that he was a member of an electrical engineering firm which had made tenders to do some work as a sub-contractor for the city. The contracts were all let to the lowest bidder, and the total amount involved was about \$21,000. There was no suggestion in the report that the city had lost anything by reason of the

contract, or that the bid was not the lowest and the best. But the Alderman involved was on the Electricity Committee, and the Council found that such a relationship was not consistent with the disinterested devotion that should be expected from an official. In consequence of the report the Alderman resigned.

Municipal trading, far from promoting jobbery, has insured its absence. For the Councils have no franchises to grant. To a considerable extent they have become their own contractors. There is thus no powerful interest desiring corrupt administration, no identity of interest between the financial classes in the community and the Council. In addition to this, the work of the Council is of such commanding interest that big men are eager to serve the community. These are the great gains from municipal ownership. It identifies the big business connections with the city rather than against it. This fact unites all classes in an insistent desire for good government. The only active business interests in local affairs are the public-house keepers. The brewing and distilling business has been largely monopolised, and is under the control of powerful syndicates. The stock is widely held by members of Parliament, and the method of granting local licenses makes the temperance question more or less active in city affairs. But whatever influence the public-house keepers may exert

does not tend to the corruption or bribery of Councilmen or the election of bad men.

Taken as a whole, it is doubtful if contemporary politics in any portion of the world presents a more disinterested, honest, and efficient body of public officials than are to be found in the Town Councils of Great Britain.

## CHAPTER VI

### THE GROWTH AND EXTENT OF MUNICIPAL TRADING

THE increase in local indebtedness is not a fair barometer of the growth of municipal trading, although it is one of the main arguments against it. In the twenty-three years from 1875 to 1898 the local debt of Great Britain increased from \$451,708,530 to \$1,275,105,731.<sup>1</sup> Of this sum, however, only \$426,212,937 was incurred for what are called trading enterprises. The balance was for education, for improved sanitation, or was imposed upon the local authorities by acts of Parliament. By 1903 the indebtedness of the British cities had increased to \$2,153,286,219,<sup>2</sup> involving a per capita local debt of approximately fifty dollars. It has increased very rapidly since that date and will undoubtedly continue to grow. At the present time the local obligations chargeable to those enterprises which are termed reproductive amount to \$1,197,951,000. A considerable portion of this sum, however, is for clearance and housing schemes, for

<sup>1</sup>See address of Sir H. H. Fowler, President of the Royal Statistical Society, Vol. 63, p. 383.

<sup>2</sup>Municipal Journal, Nov. 10, 1905.



bath houses, docks and markets which are undertaken for other than commercial reasons.

The bulk of the indebtedness for trading enterprises is for street railway, gas, electricity, and water undertakings, most of the tramways and electricity supplies having been acquired within the last ten years. The extent to which municipal trading has supplanted private ownership in these industries is evidenced by the following table. The statistics are for the year 1903.

Kind of Enterprise.	Public Undertakings.		Private Undertakings.	
	No.	Total Cap'l.	No.	Total Cap'l.
Water .....	1,045	\$330,914,491	251	\$197,850,964
Gas .....	256	173,919,089	454	375,348,459
Electricity .....	334	155,728,000	174	133,838,750
Street railways....	142	199,061,278	154	83,660,551
	<u>1,777</u>	<u>\$779,622,858</u>	<u>1,033</u>	<u>\$790,688,724</u>

The capital invested by the public authorities was about the same as that of the private companies, although the public plants considerably outnumber the private ones. Nearly all the large cities now own their own tramway lines, the most successful of which are in Glasgow, Liverpool, and Manchester. The water supply has been widely municipalised, as have the electricity undertakings. Only about one-third of the gas plants are public, although nearly all of the larger cities have their own supply. The metropolis of London is the most backward city in Great Britain in this respect, although it is one of the most advanced in its

democracy. The water supply was but recently acquired, but the gas is still in the hands of eight private companies. A number of the London boroughs have erected electric lighting plants, and a contest is now being waged in Parliament over the granting of a franchise to an electric power company having authority to supply the entire metropolitan area. The County Council contends that the privilege should be entrusted to it, but the powerful financial interests in Parliament have thus far proven able to block its plans. The County Council owns two street railway systems, operating on the north and south sides of the Thames, but has not been able to link them into a comprehensive system. The underground subway, known as the "Tube," is in the hands of a private company, operating under a parliamentary grant, as are the horse and motor 'buses. The Council is also the owner of a steamboat service on the Thames. This service has been the subject of much adverse criticism. It has never proven profitable from a financial point of view, and the conservative press have found in it an opportunity for criticism of the entire progressive movement.

Opposition to the public ownership of the tramway, gas, and electricity undertakings is still very aggressive. Parliament, which is closely identified with the ownership of these industries, has conceded that they are naturally public ones, and in

case of controversy the award is usually in favour of the local authority. There is still much opposition to trading, but it is almost wholly limited to the big financial interests which are seeking franchises. To the man in the street, the case for municipal ownership has been made. It is no longer a question of propriety. It is one of expediency, of the amount of money which must be paid for the undertaking, and the ability of the community to make it pay. The gas industry is still largely in the hands of private capital, and Parliament is loath to permit its acquisition by the towns where the service rendered is satisfactory.

At the present time nearly all of the large towns have municipalised the tramway, gas, electricity and water undertakings. A half dozen of the greater cities have private tramways and an equal number have private gas undertakings. The number of private companies is constantly diminishing, and it is of rare occurrence for a community to abandon its plant to a company, although a few electricity plants have changed hands in this way.

The Parliamentary Committee on Municipal Trading, appointed in 1900, did not limit its investigation to the franchise corporations proper. It included in its report the markets, baths and wash-houses, burial grounds, slaughter houses, working men's dwellings, harbours, docks and quays, as well as some other enterprises which had been un-

dertaken by reason of some local necessity. These were all classed as trading enterprises and are included in the annual returns of the Board of Trade. The critics of municipal ownership have insisted that all these enterprises should be classed together in any financial showing. The reports which are made and those which reach America attempt to discredit the movement by pointing to the deficits which some of these undertakings show.

But these enterprises were never expected to make a profit. In most instances they are not expected to pay their way. They have been undertaken for the same reasons that the cities have opened schools and libraries, parks and playgrounds. The docks are for the promotion of trade and commerce. The baths and wash houses are for sanitary improvement. The model dwellings are for the relief of the tenement dweller. They have not been undertaken with any expectation of making dividends. But the opponents of trading have made use of their deficits, just as they have made use of the increased rates which have been imposed for education, to bring discredit to the whole movement.

The magnitude of the trading enterprises of the cities is still further seen in the revenues and disbursements of the undertakings. The total income of the towns from these sources amounted in 1904 to nearly \$145,000,000. This was equivalent to

23 1-4 per cent. of the total revenues collected from all sources in England and Wales and to 39 per cent. of the total revenues of Scotland. The net earnings from these enterprises, even with those undertakings included which should not properly be classed as trading, are a vindication of the policy of the towns. In 1904, the net earnings over and above operating expenses, in England and Wales, amounted to \$2,258,685, while the deficit in Scotland was but \$68,292.<sup>1</sup>

This, however, is municipal trading at its worst. For the baths, the washhouses, the workingmen's dwellings, the cemeteries, and in many instances the docks are not designed to make a profit. Moreover, in computing the expenditures of these enterprises, sinking fund allowances, taxes, and in many instances depreciation and reserves are entered as part of the costs of operation. For Parliament is very careful that the cities should not create a permanent debt. They are compelled to set aside a certain percentage of the capital value of the loan every year in order to retire the indebtedness at the end of approximately thirty years.

The financial success of the trading enterprises proper is unquestioned. The tramway, gas, electric lighting and water plants owned by the cities yield large returns. Only in rare instances have they failed to meet all of the charges against them,

<sup>1</sup>Municipal Year Book, 1907, page 636.

and this has been in small towns or in the early years of an undertaking. According to Sir Henry Fowler's Return of Reproductive Undertakings, made under order of Parliament and brought down to March, 1902, the franchise undertakings proper had repaid indebtedness out of their earnings in the sum of \$59,924,903. The amount in the sinking funds for the same purpose amounted to \$18,396,981 more. This was in addition to all of the operating and fixed charges of the plant and the payment of local taxes the same as a private company.

Far from the increase in the local indebtedness being a peril to the municipalities, the trading enterprises have created a splendid surplus in excess of the debts against the plants.

Nor are these enterprises a burden to the tax payer as is frequently asserted. The reverse is true. They contribute substantial sums each year to the treasuries of the cities. From the return referred to above it appears that the average gross profits, covering a period of four years and involving 437 undertakings, amounted to \$21,202,334 a year. From this sum interest, depreciation and sinking fund allowances had to be made, amounting to \$18,415,951. A balance remained, amounting to \$2,786,383 a year. It was usually applied to the relief of taxation.<sup>1</sup>

<sup>1</sup>The above data is taken from a report by the author to the



The largest contributions are made by the tramway and the gas enterprises. According to the Board of Trade Returns, for the year 1905-6, the total net profits of the gas enterprises amounted to \$3,883,000, of which sum \$2,152,980 was contributed to the relief of the rates. For the same year the net profits of the tramway undertakings used for the same purpose amounted to \$1,200,000, if the contribution of the city of Glasgow to the Common Good Fund be included.

Referring to this matter the Municipal Year Book says: "Taking the really remunerative enterprises, such as gas works, markets and tramways, it will be found that they earn in England and Wales a clear nett profit of over £1,367,000 (\$6,643,620), and in Scotland of nearly £62,600 (\$304,236), equal to a return on capital of 2 per cent. in the former case and of  $1\frac{1}{2}$  per cent. in the latter. Tested by the commercial or company standard, the gross profit shown in England and Wales is £14,459,497 (\$70,273,155), and in Scotland approximately £1,658,000 (\$8,057,880), or about  $7\frac{1}{4}$  and  $4\frac{1}{4}$  per cent. respectively on the outstanding capital."<sup>1</sup>

Bureau of Labour, Washington, on Municipal Ownership in Great Britain and published in the Bulletin of the Department for January, 1906.

<sup>1</sup>Municipal Year Book, 1907, page 636. On pages 652-3 of the same publication is a table showing 81 towns whose rates were reduced in 1906-7 from a few pence to nearly two shillings on the pound from the earnings of the leading enterprises owned by the municipalities.

For the year 1905-6, it appears that there were four public tramways that showed a deficit averaging the sum of \$2,500 each, while the number of gas and electric lighting enterprises that fail to do so is constantly decreasing. The complaint most commonly heard in Great Britain is not that these enterprises are a burden to the taxpayers, it is that they are being used for the relief of taxation rather than for the reduction of rates and charges to the consumers.

There is a large class which would limit the activities of the city to the so-called natural monopolies, to industries which make use of the streets, and are closely identified with the well-being of the community and the administration of the city. Many of these men have been identified with the movement which has brought about the present extension of municipal ownership. They see a principle which justifies the city in operating such enterprises as are monopolies which is absent from industries of a competitive character. And they represent the socialistic tendency which has followed upon the heels of the ownership of franchise corporations, and now join in opposition with those who are opposed to any public ownership whatever.

But democracy is likely to be as indifferent to the philosophic distinctions which this class now makes as its predecessors were indifferent to the bankers and brokers who opposed the early move-

ment. And a city is like the courts. It constantly tends to amplify its powers. Moreover, the Labour party is avowedly socialistic in its ideals. It declines to make any distinction in capitalistic industry. It struggles to increase the activity of the city, partly because it enlarges the number of municipal employees, but largely because it looks to a changed social order to be achieved through municipal socialism.

It is this spirit that is behind the agitation for municipal milk supplies and free lunches to school-children; for municipal bureaus of public employment, as well as many other enterprises which promise relief from the poverty and disease with which the English city is afflicted.

Municipal trading has thus become a very much wider issue than the ownership of street railways, gas, electric lighting, and water services. It has always included markets, baths, and sewage farms. The fearful condition of the tenements has forced many of the larger cities to become landlords, and to erect model tenements. Local conditions, too, have produced certain local enterprises. The city of Brighton owns a race-course from which it derives a considerable revenue. Two cities have opened municipal theatres. The city of Glasgow has acquired a number of town halls, where concerts, lectures, and entertainments of a high order are given at a nominal cost. Many of the cities sell

gas stoves and fittings; while others have opened electricity supply stores, which are run in connection with their lighting plants. Ice is sold by Wolverhampton, and West Ham manufactures its own paving-stones.

Many other proposals are in the stage of agitation and discussion. Some of the towns are promoting the idea of municipal coal mines from which to supply fuel to their enterprises, and the public as well. Municipal insurance schemes are discussed with favour, as are savings banks and brokerage establishments for the sale of public securities. The municipalisation of the milk supply is being waged, as well as the production of ice. The city of Manchester has enlarged its tramway service so as to include the delivery of packages and merchandise both within and without the city. The purpose is to subordinate, if not relieve the private business houses of making deliveries to their customers. Docks are widely owned by the seacoast towns, although they are usually administered by a separate body from the Council. Municipal slaughter houses have been suggested, as well as the utilisation of sewage farms for the supply of food and grain for the city's departments.

Municipal trading is very elastic. It admits of the play of local initiative and adapts itself to local needs. It does not follow any definite laws, and promises very great extension as the years go on.

Much of it is rendered necessary by the close association which city life entails. It is demanded by the inadequacy of private agencies. Further than this, the members of the Councils are eager to enlarge their authority and try their hand at new ventures. There is a constant pressure from the labouring classes, inspired by some local abuse or the ideals of a socialised city. Moreover, the disease, poverty, and distress of the English city are so universal that any proposal which offers relief meets with some response.

All this indicates that the movement toward municipal trading is but beginning. It knows no bounds but those imposed by failure. For the rate-payers will be quick to command a halt if the movement becomes a burden. But thus far the trading enterprises have been pretty uniformly successful. The towns can borrow at low rates of interest. They have confined themselves to necessities of universal use; and they supply an immense market. As long as the English cities confine themselves to such enterprises there is little danger of failure, and inasmuch as the big industries which the cities have taken over have yielded such unquestioned returns, it is a difficult matter to check its extension by appealing to any abstract reasons for preferring private to public authority.

## CHAPTER VII

### THE CITIES AND THE TRAMWAYS

THE monetary test of municipal ownership is not the true test, although the rate-paying classes of Great Britain are inclined to judge it on this basis; while hostile American critics confine themselves to earnings, lack of proper depreciation, the burdens of taxation, and the purely commercial side of the balance sheet. They would make of the city a thing that pays, for these are the terms they measure life in. But such are not the motives of government, and those who condemn municipal ownership on this score do not adopt this measure in any other activity. They do not test the schools, the parks, the health, police, and fire departments by this standard. These are not called upon to pay their way. They are supported for other reasons—because of the convenience, the comfort, and the happiness which they bring. And this is the real test of public ownership. The discussion should be shifted on to higher ground. It is not profits, not in the last analysis the rates of fare or charges—it is the well-being of the people that tests the change from private to public control.



Of no enterprise is this so true as it is of transit. The tramways are the circulatory system of the community, and a conscious city programme is dependent upon the ownership of the city's arteries. The means of transportation fix the city's boundaries. They control the opportunity to work. They cramp or enlarge the means of education and recreation. The homes men live in are bound up in this question. It is for such needs as these that government is maintained; and it is only when a city controls these agencies for its own good that a big, comprehensive policy of city building is possible.

Further than this, the control of the streets by two competing agencies results in constant friction, controversy, and warring of interests. It cannot be otherwise. A city cannot build as it will unless it controls all the structural work which lies under or upon its highways.

The British cities entered upon the policy of ownership only after the alternative of private ownership under state regulation had been fully tried. Great Britain had the most carefully adjusted system of regulation that could be devised; but regulation failed, as it must inevitably fail. The conflict of interest is too great for it to be otherwise. There were two masters—the stockholders of the company, and the people of the community; and the interests of the one were constantly at war with the other. Parliament surrounded the franchises

with many restrictions, but it rarely imposed the penalty, for the class in control of Parliament was largely interested in the franchise monopolies. That, too, was inevitable. Whenever a government creates a privilege, that privilege is lured into the government; and if it is big enough to do so, it becomes the government. That is the experience of Great Britain just as it is of America.

The Tramway Act of 1870 is the basis of all street railway legislation and construction in Great Britain. It provided that the cities could lay the tracks, but could not operate the roads. The operation was to be turned over to a private company. The lease was limited to twenty-one years. The act also provided that the cities could take over the property at the expiration of the grant by paying for its structural value.

Glasgow was the first city to take advantage of the act. A horse system was installed by a private company after the city had laid the tracks. The grant to the company expired in 1894. The company desired a renewal of the lease. Negotiations to that end were pending for a number of years. But the employees were overworked and underpaid. The community sympathised with the men. The company would not admit that the condition of the employees was any business of the city, and declined to permit the question of wages or hours of labour to enter into the negotiations. This stimu-

lated a growing sentiment for municipal ownership.<sup>1</sup>

The question was agitated for several years. The matter was not decided by a referendum vote of the people, as is common in America, but was the absorbing issue in a number of Council elections. In 1894 the Council decided to take over the lines. The company refused to sell its equipment, and the Council had to purchase its horses and cars elsewhere. The result was a total loss to the private company. The success of the city was immediate. It reduced fares thirty-three per cent. and increased the length of the hauls. It improved the condition of the employees and otherwise sought to serve the public. The experience of Glasgow stimulated other cities to take over the enterprise. The rate-payers were loath to see a private company appropriating earnings which might be used for their relief. In ten years' time 162 public tramways had been opened, and to-day all the leading cities of the Kingdom, with the exception of Edinburgh, Dublin, Bristol, Carlisle, Cork, and Coventry, own and operate their own tramway lines.<sup>2</sup>

Friction over wages and hours of labour was one

<sup>1</sup>The town of Huddersfield had operated its own system since 1883. No private company would undertake the working, and the Town Council both built and operated the system.

<sup>2</sup>Of the 162 public plants, only 101 are reported as both owned and operated by the towns. The remaining 61 are still leased to private companies, under the terms of the original act. Subsequent statistics are for those operated as well as owned. The number of private companies was 146 in 1904 and 137 in 1905.

of the most universal causes of discontent with private ownership, but other causes contributed. The private tramways were being operated as horse lines. This aroused dissatisfaction with the service. The companies felt that they could not afford to electro-equip their systems when their franchises were expiring, and they would only do so on condition of their renewal. At the same time the cities were generally taking over the electricity supply. They saw that the tramways and electric lighting plants could be united with great economy. These influences co-operated with the thrifty desire of the rate-payers, who saw in the tramway enterprises a means of relieving their taxes.

But the Councils could only enter the tramway business by buying out the existing companies. For Parliament did not permit competition. It forced the Councils to purchase the existing equipment of the horse-car lines, even though it had become worthless. Thus many cities were heavily handicapped through the initial cost of the horse and electricity equipment. In many towns, too, the Council had to pay for unexpired franchises. Liverpool paid a private company three million dollars to acquire its franchise, and another million for its worthless horse equipment. The city of Manchester paid \$1,600,000 for horse cars and barns which were of little use, while other towns were similarly burdened in the inauguration of the system. The

companies, however, were not content with this. They insisted that they should be paid the capitalised value of their earnings even when the grants had expired. In a case which went to the courts from London the companies demanded \$2,939,000; but the courts decided that they were only entitled to compensation for the physical value of the plant, and reduced the sum to \$439,400.

The following comparison shows the number of undertakings owned and actually worked by the local authorities and the private companies, the data for the public plants being for the year ending March, 1904; and that for the private companies for the year ending December 21, 1903:<sup>1</sup>

	Municipal Undertakings.	Private Companies.
Undertakings worked.....	101	113
Capital outlay of undertakings worked .....	\$117,440,724	\$104,986,367
Miles of line operated.....	993	839
Gross receipts.....	\$26,069,680	\$15,805,988
Operating expenses.....	\$16,706,184	\$10,997,701
Per cent. of operating expenses of gross receipts.....	64.08	69.58
Net revenue (gross receipts less operating expenses).....	\$9,363,496	\$4,808,287
Per cent. of net revenue of capi- tal outlay.....	7.97	4.58
Car miles run.....	126,289,037	68,612,290
Net revenue per car mile.....	\$0.074	\$0.070
Net revenue per mile of line oper- ated .....	\$9,430	\$5,731
Passengers carried.....	1,194,782,762	604,559,911

From this it appears that the gross receipts of the

<sup>1</sup>*Municipal Journal*, March 10, 1905. Summary of the Board of Trade Return of the Street and Road Tramways and Light Railways for 1903-04. The Board of Trade Returns are official and are published each year from reports of the Councils and the companies.



public plants were \$10,263,692 more than the receipts of the private companies. Their operating expenses were but 64.08 per cent. of the gross receipts, as against an operating expense of 69.58 per cent. on the part of the companies. In the matter of net earnings the showing was equally favourable. The Town Councils earned 7.97 per cent. on their capital investment, as against 4.58 per cent. by the companies. And this is in the face of the fact that the Councils pay much better wages and allow shorter hours of labour to their employees, while the rates of fares are generally lower. A portion of this advantage is to be accounted for by the fact that almost all of the larger towns have municipalised their systems, while many of the private companies operate in less populous areas. For the Council tramways carried nearly twice as many passengers as did the private companies with only about twelve per cent. greater trackage.<sup>1</sup>

Tramway ownership is now accepted as a natural municipal function. By 1906 the total capital outlay of the towns amounted to \$180,580,590, as against an investment of \$102,162,060 by the one hundred and thirty-seven private companies.<sup>2</sup>

<sup>1</sup>For a further and more detailed statement of the subject of municipal ownership, reference is made to a Bulletin of the Bureau of Labour, Washington, January, 1906, prepared by the author.

<sup>2</sup>The Board of Trade Tramways and Light Railways Return for 1905-1906 shows a continuing increase in the number, mileage and earning of the public enterprises. According to this report, 175 undertakings were then owned by the local author-



## TRAMWAY CONSTRUCTION

English street railways are constructed with much more permanence than are those of the American companies. This is true of private as well as public undertakings. Parliament has carefully prescribed the methods which must be followed by the builders. But little latitude is left to the community, and the construction is very costly. The girder groove rail is universally used. The overhead work is very substantial. Many of the towns have erected splendid shops for the repair and construction of cars. In consequence the capital outlay has been very heavy. In Glasgow it amounts to \$93,305 per mile of single track, in Liverpool to \$90,536. The London County Council reports a cost of \$106,033

ities, and of these 123 were worked by the councils. Their capital outlay had been increased by \$13,000,000 during the year, while the receipts had increased by \$3,700,000. The net revenue of the public tramways, over and above operating expenses, amounted to nearly \$12,000,000, and was equivalent to eight per cent. on the capital account, and the average fare per passenger, of which there were 1,529,596,438, upon all of the undertakings was 2.1 cents.

For the same period there were 137 private companies. They carried about half as many passengers as the public undertakings, and earned but  $4\frac{1}{2}$  per cent. on their capital. The average fare per passenger was 2.4 cents. During the year the public undertakings relieved the rates to the extent of \$1,200,000, if we include the contribution of Glasgow to the Common Good Fund. This was in addition to the debt repayment charges, the reserve funds and depreciation. Only four public undertakings and five companies reported any loss, the average of the former being but \$2,500, and \$4,600 in the latter. All of these were in small towns.

per mile. It is difficult to get at the exact figures of cost per mile because of the lack of any uniform system of cost distribution; but on the whole, the average cost seems very much in excess of that in the United States.

The Town Councils have full control of the rates of fare, the distribution of earnings, and the details of administration; but Parliament prescribes many of the conditions, such as the speed at which the cars may run, the time of debt repayment, the extension of trackage into surrounding territory. A city may not carry parcels at its own volition. It must first secure authority at Westminster. It cannot change the motive power, or otherwise depart from the rules of the Board of Trade.

One is impressed at every turn with the constant thoughtfulness of the comfort of the people. Accidents are of rare occurrence. In Liverpool there was but one fatal accident in eighteen months from persons getting underneath the trucks, and that was due to suicidal attempt or gross carelessness. In 1904 there were but six fatal accidents in that city. The same policy is manifest in the cleanliness and attractiveness of the cars. In Glasgow, all advertisements are excluded. In all cities one usually obtains a seat for a fare. The double-decker type of car is all but universal, and is so constructed that it may be opened or closed at the will of the passenger. Employees are universally courteous, and are

very jealous of their jobs. They are compelled to be considerate of the public because every rider has a sense of proprietorship in the enterprise. This makes the employee as well as the Council responsive to public sentiment, and constantly on the alert to better conditions and adopt new devices. The attitude of the public is in marked contrast to that of the average American toward a private company in which he has no interest and over which he can have no control.

The zone system is universal in Great Britain. Fares are graded according to the distance travelled. This idea was introduced by the private companies, and the Councils have not seen fit to abandon it. Routes are divided into stages, upon each of which a fare of from one to two cents is collected. The total fare for a long haul may be as much as six or eight cents, but the average rate of fare is very much less. And it is the average fare paid that determines the cost to the travelling public. Transfers are rarely given. The average fare per rider, irrespective of distance travelled, ranges from 1.30 cents in East Ham to 3.17 cents in Blackpool. The average fare in Glasgow is 1.89 cents; in Bradford, 2.38 cents; in Manchester, 2.44 cents; and in Liverpool, 2.25 cents. In the seven leading cities of the Kingdom the average distance that may be travelled for two cents ranges from one and one-half miles in Newcastle to two and one-half

miles in Sheffield. Taking the reports of forty-nine cities, it appears that the average distance travelled for two cents varies from nine-tenths of a mile to two and twenty-five hundredths of a mile.

Some of the cities have adopted a one cent fare stage. In Glasgow, 29.9 of the passengers paid but one cent in 1905. The percentage of one cent fares on the London County Council's line was 35.97, and in Sheffield 19.34. American critics of municipal ownership invariably point to the great distance which may be travelled for a uniform fare in America. But the test is not the possible distance; it is the average distance travelled. And while the average haul in America is certainly longer than it is in England, it is also true that the dispersion of our population necessitates a very much more universal use of transit than do the conditions of the English cities. The increased operating expenses in America are pretty nearly overcome by the intermediate hauls which this makes necessary. Despite these conditions it is undoubtedly true that the cost to the riding public is very much less in Great Britain than it is in America. The average fare paid on all of the public tramways was but 2.1 cents in 1906. If we assume that the average fare in America is five cents, this is equivalent to a saving to the public of Great Britain over what a similar number of riders would have paid in this country of

\$45,695,333. However, the rate on the private British companies was but 2.4 cents.

The British city has demonstrated that low fares pay. Many managers insist that this is the explanation of the success of the public undertakings. A great increase in traffic followed the reduction in fares. It became cheaper to ride than to walk. Frequent car schedules are maintained, and seats are almost always provided for the passengers. The number permitted to stand is limited to from four to six, and this in itself insures greater comfort to the riding public.

Whatever the cause of the financial success of the municipal tramways, the earnings greatly increased subsequent to municipalisation and the reduction of fares. The people use the cars freely because they feel that they own the cars. All earnings come back to them in some form or other. In Glasgow, the number of passengers carried increased nearly 300 per cent in eight years' time, from 1897 to 1904. In Manchester, the number carried increased from 67,000,000 in 1903 to 127,000,000 in 1905. In London, the growth was from 120,000,000 in 1902 to 165,000,000 in 1905. This increase in traffic was coincident with the introduction of electricity and the extension of the system; but no small part of the growth was due to the policy of low fares, and the stimulus to use which followed from a sense of ownership.



Earnings, too, responded to the increase in traffic. The number of short-haul passengers more than compensated for the reduction in charge. This seems to have been the universal experience of the English cities, whether in tramway, gas, or electricity supplies. In America, monopoly seeks the highest immediate returns, and dares not experiment with reduced fares or charges. It fears a reduction of its dividends or a disturbance of its stock quotations. Under public ownership, however, the cities can do as they will. They can improve the service rendered or reduce its cost to the community. Through these means the community can determine the point of maximum returns to itself, a thing that is impossible when the service is in private hands.

Parliament requires all enterprises operated by the cities to pay taxes, the same as private companies, and on the same basis. They must also provide a sinking fund for the ultimate retirement of the debt. The time of repayment ranges from fifteen to sixty years, according to the life of the investment. The period of debt repayment averages about thirty years, and involves an annual sinking fund charge of about three per cent. In addition to these burdens, which are usually ignored by American critics, the city maintains the plant at its original efficiency out of earnings. When the debt is repaid the enterprise will be owned by the



community free from obligation. Many cities have done much better than this. They have improved the property out of earnings, or provided a reserve fund which will retire the obligations in a much shorter period than that provided by Parliament.

The financing of municipal industries is very conservative, too conservative to be fair to the present generation. This is due to the terror which the average Councilman feels of the rate-paying classes, and the fear that some new invention may render obsolete the undertaking itself. For instance, in the year 1905 the Glasgow tramways earned \$1,852,854 over operating costs. Of this sum, \$1,550,025 was used for debt repayment, depreciation, renewals, reserve, and the Common Good.<sup>1</sup> All of this sum went into the property in some form or other.

The average fare in that year was but 1.89 cents. Yet the earnings on this basis were so heavy that the Council could have reduced all fares, irrespective of distance, to the insignificant charge of one cent and still have met all operating expenses, depreciation, and taxation.<sup>2</sup>

<sup>1</sup>The Common Good fund is a special fund, existing only in the Scottish cities. It is a reservoir upon which the Council may draw for emergencies, and into which earnings are placed which may not be used for other purposes. For the Scottish cities do not use excess earnings from their industries for the relief of taxation.

<sup>2</sup>Reports which come to America of the failure of trading in Great Britain, of increased taxation, of inadequate allowance for depreciation, should all be taken with large allowance.

In 1905 the assets of the Glasgow tramways were valued at \$14,965,305. The indebtedness against the plant was but \$8,835,939. In eleven years' time the debt has been decreased by \$6,129,366, while \$826,873 more had been paid into the Common Good, and \$767,136 had been paid in taxes. But this is not all. For the travelling public has been saved \$940,000 a year through the reduction of fares, while half a million a year has been added to operating costs in improving the condition of the wage-earners through shorter hours and higher pay. Taking all these things into consideration, the tramway system of Glasgow has already more than paid for itself out of earnings and savings to the people in eleven years' time.

The financial success of other towns is scarcely less remarkable. The city of Liverpool reduced fares 75 per cent. when it took over the tramways, and saved the travelling public two million dollars a year by this means. Its employees receive \$194,- Many of them are wholly false. All of them attempt a comparison of words, but not of facts. English standards and Parliamentary requirements are so different from our own that the strictures on the English cities carry a wholly false impression. At the same time, some of the cities have refused to adopt the Glasgow standard of debt repayment and depreciation. They have followed a policy of reducing the cost to the present generation rather than of paying for the plant out of immediate earnings. And when it is considered that even these cities take care of all operating charges, make due allowance for maintenance and repairs, and, in addition, provide for the retirement of the debt out of earnings, it is manifest that the least conservative cities do much more than American standards demand of private management.

600 a year more than they would have been paid at the rate of wages prevailing under the private company. Yet in the face of these charges the system will be free from indebtedness in about twelve years' time at the present rate of debt repayment. In seven years' time \$2,849,993 has been set aside for this purpose, only five of which years were of electric operation.

Measured by the returns on capital invested, the tramways are equally successful. In 1905 the net revenue of the Glasgow system amounted to 13.78 per cent. of the total capital employed, and 21.35 per cent. on the outstanding indebtedness. The same year Manchester earned 13.88 per cent. on its capital, Liverpool earned 9.86, and Leeds 11.98.

#### THE RELIEF OF TAXATION

In England, but not in Scotland, the tramways are used to relieve the burdens of taxation. According to the Board of Trade Returns, contributions to the rates from this source amounted to \$1,007,789 in 1904. In many of the larger towns, as appears in the following table, the relief afforded was very substantial. The statistics are for the fiscal year 1903-04:

City.	Popul'n.	Year opened as municipal undertakings.	Miles of single track open.	Contributions of tramways in relief of taxation.
Leeds .....	450,142	1894	81.56	\$253,058
Manchester....	625,324	1901	137.91	243,325
Liverpool.....	710,337	1897	103.00	156,122
Nottingham...	239,753	1901	30.12	63,265
Salford .....	228,983	1901	53.54	58,398
Hull .....	240,702	1899	27.10	55,965

## THE REAL GAINS FROM MUNICIPAL OWNERSHIP

From a purely commercial side, municipal tramways have succeeded beyond the point of dispute. Only in rare instances have their financial achievements been questioned. They have saved the travelling public millions of dollars a year in lower fares. They have elevated the standard of living of thousands of employees, whose positions have become more secure and far more dignified. In becoming servants of the public they have been removed from the fear of arbitrary dismissal. Millions of dollars have been used to relieve the overburdened rate-payers, while the people have acquired properties whose value, by reason of debt repayment, now far exceeds the indebtedness of the undertakings. All of this is important, especially important in a country where the system of local taxation is so adjusted that it falls most heavily upon the poor.

But the real gains through municipal ownership are of another and a higher sort. They do not appear in the reports of tramway managers or in the Annual Budget of the Town Councils. Neither are they referred to in the Blue Books of Parliament. But they are far more substantial than the financial gains or the improvement in the well-being of the people. They are of an ethical sort. The public now receives the consideration which formerly went

to the stockholders. For the people are the owners, and are able to register their opinions or their protests at the polls. In consequence, the best of service is rendered. The employees are courteous. The members of the Council and the managers are constrained to increase the efficiency of the plant. They are open to counsel or criticism. They are ready to adopt improved devices. The safety of the public is safeguarded in every conceivable way, and deaths and accidents are of comparatively rare occurrence. The number of persons injured is insignificant in comparison with the death-rolls of the private companies in America.

But this is not all. The tramways are the most spectacular possession of the cities. They touch the citizen in countless ways. They are constantly under inspection. Each day they bring a sense of the city to the people. Through this means their affection is awakened, their interest is kept alert. The tramways are a topic of constant discussion. The achievements of other towns are followed. The earnings, rates of fares, and disposal of the surplus form a matter of discussion in the Council and on the part of the people. When a new tramway is opened it is a gala day with the community. Business is suspended, and the people turn out as to a fête. It is a day of general rejoicing.

The renaissance of local government in Great Britain is coincident with the period of trading,

which covers the past ten years. And critics agree that the enthusiasm and interest of the people is in no small measure attributable to the increase in public undertakings.

Of no industry is this so true as of the tramways. Management is open to scrutiny and observation. It is this fact that makes the public ownership of the tramways a simpler and a far safer undertaking than that of those industries whose operation can be hidden from the people and conducted behind closed doors.



## CHAPTER VIII

### THE GAS SUPPLY

THE gas supply is still largely in private hands. It is not so universally municipalised as are the water, electric lighting, and tramway undertakings. This is due to several causes. The industry was firmly established by private enterprises long before the movement for municipal trading had gained much headway. The franchises were in perpetuity, and of great value. Parliament does not permit of competition by the municipality, and has established a rule which discountenances compulsory purchase if the service of the private companies is satisfactory. The acquisition of the plants by the towns involves a heavy financial burden even when Parliament permits them to be taken over. For the franchises have to be paid for. In addition to this, the cities have had their hands full with the electric lighting and tramway enterprises. The latter industries are of comparatively recent development. The Councils, threatened with private franchises which could only be taken over at great cost to the community, anticipated the private companies and secured the power of working the industries themselves. But in order to retain the privi-

lege it had to be developed. In consequence, the cities have promoted electric lighting and tramway undertakings very much more universally than they have the gas enterprises.

Further than this, the supervision by Parliament of the private gas companies is rather more efficient than in any other industry. Charges are kept at a moderate limit, and the watering of stock is prohibited. Capital is limited in its dividends, and all new capital is required to be sold at public sale. Even the surplus realised from the sale of stock is required to be used in the plant itself. For every two cents increase in the charge for gas dividends are reduced by one-fourth of one per cent. and for every reduction of two cents a like increase in dividends may be declared.

Despite these limitations there were 260 public gas supplies, as against 459 private plants, in the United Kingdom in 1904. The public plants included nearly all of the large cities, with the exceptions of London, Liverpool, Newcastle-on-Tyne, and Sheffield. This in part accounts for the fact that the public plants had nearly as many consumers as did the private ones, although they operated in a very much smaller number of cities. Some indication of the relative standing of the public and private undertakings appears from the following table, taken from the Board of Trade Returns for the year 1904:

**STATISTICS OF PUBLIC AND PRIVATE GAS UNDERTAKINGS IN THE UNITED KINGDOM.**

Items.	Public enterprises, year ending March 25, 1904.	Private companies, year ending Dec. 31, 1903.
Number of undertakings.....	260	459
Capital outlay (not deducting amount repaid).....	\$180,563,107	\$393,594,860
Gross receipts.....	\$47,787,497	\$86,412,620
Operating expenses.....	\$34,951,242	\$64,307,498
Per cent. of operating expenses of gross receipts.....	73.14	74.42
Net receipts (gross receipts less operating expenses).....	\$12,836,255	\$22,105,122
Per cent. of net receipts of capital outlay.....	7.11	5.62
Gas sold, in 1,000 cubic feet.....	57,754,404	93,923,290
Length of mains, in miles.....	11,952	18,074
Number of consumers.....	2,045,777	2,385,348
Number of public lamps lighted	301,308	335,363
Approximate average charge per 1,000 cubic feet.....	\$0.65	\$0.71

From this table it appears that the average charge per 1,000 cubic feet by the public companies was six cents less than the average price of the private ones, while the net earnings on the capital invested by the public plants is considerably higher, being 7.11 per cent. in one case and 5.62 per cent. in the other. The candle-power does not differ materially, and is always fixed by Parliament. In many cities the average price charged is very much below sixty-five cents, as appears from the following table, taken from the same source as the above:

<sup>1</sup>The statistics here given are taken from a Report published by the Department of Labour (Washington) Bulletin, January, 1906.

PRICE PER 1,000 CUBIC FEET CHARGED CONSUMERS,  
AND CANDLE-POWER OF GAS IN CERTAIN PUB-  
LIC PLANTS, 1903-04.

City.	Population (1901).	Price per 1,000 cu. ft.	Candle- power of gas.
Belfast .....	348,965	*\$0.55	17.46
Birmingham .....	522,204	.42-58	16.28
Blackpool .....	47,346	.57	19.00
Bradford .....	279,767	†.55	17.25
Bury .....	58,029	.53	19.02
Carlisle .....	45,478	.55	20.00
Darlington .....	44,496	.49	16.50
Glasgow .....	735,906	.57	21.00
Lancaster .....	40,329	.55	19.00
Leeds .....	428,968	.52	18.38
Lincoln .....	48,784	.44	16.88
Nottingham .....	239,743	.53-65	16.50
Widnes .....	28,580	.28-32	18.16

In some instances the present rate is still lower. In Belfast it is 51 cents, in Glasgow 51 cents, and in Lancaster 49 cents.

The above tables do not confirm the argument that the public is of necessity a bad manager; that its costs are higher; its service of an inferior sort, or that it is unwilling or too ignorant to introduce improvements. For not only do the Town Councils average a higher per cent. in earnings, but the operating costs of the municipalities are somewhat lower than those of the private companies. All this is in addition to the fact that they pay their employees better, and in many instances supply free

\*Less discount of  $2\frac{1}{2}$  to 20 per cent., according to consumption.

†Less discount of 5 to  $12\frac{1}{2}$  per cent., according to consumption.

gas to the community. There have been no substantial changes in these figures during the intervening years. The Board of Trade Returns, issued in January, 1907, for the year 1905-6, shows that there are now 270 gas undertakings in municipal hands in the United Kingdom, and 482 private companies. According to the Municipal Journal<sup>1</sup> the return "reinforces more vigorously than ever the arguments of those who favor the application of the municipal trading principle to indispensable public services of this character. \* \* \* The record of the companies is still greatly inferior to that of local authorities, which continue to operate more economically, charge consumers less and earn a better return on capital than their private competitors. \* \* \* The difference between the private and the public charge is now  $5\frac{1}{2}$  cents per 1,000 ft. in favor of the latter, and if the local authorities charged as much as the companies they could add £693,908, (or \$3,372,292) to their net revenue and raise the return on their capital from  $6\frac{1}{2}$  to  $8\frac{1}{4}$  per cent." According to the returns the average price of gas by the local authorities was  $59\frac{1}{2}$  cents and of the companies 65 cents. The total net profit of the public undertakings for the year was \$3,883,000, of which sum \$2,152,980 was used for the relief of local taxation.

From a financial point of view, the gas enter-

<sup>1</sup>February 8, 1907.

prises have proved an unquestioned success. Like the tramways, they are compelled to provide for debt repayment and taxation out of earnings. Many cities have already materially reduced their capital outlay and at the same time greatly increased the value of their plants. In England, the gas industry is widely used to relieve the rates. The contributions range from a few hundred pounds to hundreds of thousands of dollars per annum. In 1905 the city of Birmingham contributed to the relief of taxation the sum of \$265,351; while Manchester contributed \$291,990, and Leicester \$228,764. And all of these towns sold gas for less than 60 cents a thousand cubic feet. Taking the 260 plants owned by the towns in 1904, it appears that they have retired their capital cost out of earnings to the extent of \$45,873,984. In 1904 their net earnings in excess of operating expenses amounted to \$12,836,255, while 212 of them paid in that year the sum of \$4,706,850 into the city treasuries for the relief of taxation, or otherwise.

Only six of the enterprises making returns to the Board of Trade failed to meet all the charges imposed upon them, and their average deficits were but \$7,314. No one contends that the gas undertakings have not proven a financial success. Criticism has now shifted to other grounds. The objections now raised to municipal trading are that it is an unfair appropriation of fields that should be



COMPARATIVE STATISTICS OF THREE MUNICIPAL AND THREE PRIVATE GAS UNDERTAKINGS.

City.	Population, 1901.	Date when plant was acquired.	Capital ex- pended, less depreciation.	Earnings ap- plied to reduc- tion of capital or in sinking fund.	Present in- debtedness.
<b>Municipal plants:</b>					
Glasgow .....	735,906	1869	\$11,627,582	\$2,664,394	\$9,340,200
Manchester .....	543,872	1843	12,196,111	*5,991,752	6,062,764
Birmingham .....	522,204	1875	12,491,838	†3,686,018	10,912,581
<b>Private plants:</b>					
Sheffield .....	380,793	1855	4,565,692	.....	.....
Liverpool .....	684,958	1848	9,669,609	.....	.....
Newcastle-upon-Tyne .....	215,328	1864	12,243,666	.....	.....

Results of operation for the fiscal year									
City.	Gross receipts.	Operating expenses.	Net receipts (gross receipts less operating expenses).	Amount added to sinking fund.	Interest payments.	Price of gas per 1000 cubic feet.	Candle power of gas.	Per cent of consumers of total population of territory served.	Payment from earnings to general municipal revenue.
Municipal plants:									
Glasgow .....	\$3,894,061	\$3,175,907	\$718,154	\$218,540	\$446,224	\$0.51	20.00	20.78	.....
Manchester....	3,365,209	2,618,975	746,234	213,221	211,493	.57	17.04	20.00	\$291,990
Birmingham....	4,269,093	3,427,972	841,121	182,902	407,467	.42-.58	16.36	13.00	265,351
Private plants:									
Sheffield .....	1,868,629	1,319,449	549,180	.....	.....	.36-.45	17.37	\$18.82	.....
Liverpool .....	2,984,853	2,403,292	581,561	.....	.....	.58	20.05	\$14.22	.....
New'stle-on-Tyne	1,839,892	1,294,328	545,564	.....	.....	.46-.77	16.23		.....

\*Also \$718,334 in reserve fund and \$473,617 used in extension of plant out of earnings, making a total of \$7,183,703 excess of assets over debts, the earnings of the plant. †Also a reserve fund of \$486,650. ‡The total payments of the Manchester Gas undertaking since its opening amount to \$13,087,438, or an average of \$211,089 yearly. §Based on census of 1901. || Not reported.

left to private profit, the fear of political activity by city employees, or the general incompetence of City Councils to deal with purely business enterprises.

How very successful the large cities have been appears from the table of comparison on page 107 between municipal and private plants. All of the plants have been in operation for many years, and the cities are of comparable sizes.

From this table it appears that the candle-power is about the same in each city, as is also the percentage of consumers to the population; but here the similarity ends. For the three public companies have added the sum of \$12,342,164 to the common property of the community. The private companies contributed nothing. During the year 1903 the public undertakings reduced their indebtedness in the sum of \$614,663, in addition to contributing \$557,341 to the relief of the local rates. The private companies made no such payment to the cities. The price of gas to consumers is approximately the same in the public and the private companies, although the private company operating in the city of Sheffield sold gas at from 36 to 45 cents a thousand cubic feet, which, with the exception of one town, is the cheapest in the United Kingdom.

While the same social advantages cannot be shown to have followed the public ownership of the gas supply that were incident to the municipal

tramway undertakings, still the Town Councils have done many things to increase the usefulness of the service. In many cities free fixtures are installed. Then they are kept in order. Gas stoves are widely introduced on a small rental, or free of charge. Prepayment penny-in-the-slot meters are furnished the very poor in the tenement districts, where the people are unable to save sufficient money to meet the quarterly or annual payments.

The experience of the towns in reducing the price of gas is very instructive. It has almost always resulted in such an increase in use as to leave the earnings of the enterprise unimpaired. Since 1886 Glasgow has reduced the price from 79 cents a thousand to 61 cents. Later the price was cut to 51 cents. While some diminution of receipts followed upon the reduction, the increase in use was so substantial that any loss in earnings was soon overcome.

Taken as a whole, the municipalisation of the gas supply has resulted in very substantial reduction in the price of gas to consumers, who have been saved millions of dollars each year over the prices charged by the private companies; it has proved very profitable to the communities, both in the relief of taxation, as well as in the earnings applied to the retirement of the indebtedness. It is not improbable that the achievements of the public

plants have served as a restraining influence upon the private undertakings, and led them to serve the people with much more consideration than they would have done had they not been confronted with the menace of public ownership. Further than this, the use of gas by all classes has been stimulated, and the percentage of consumers to the population has been materially increased. In some towns the undertaking has been made use of to light the streets and courts without cost to the community, and to the great improvement of the morals of the city. Through ownership, too, the administrative work of the Town Council has been co-ordinated and simplified, and the constant controversy with private interests brought to an end.

## CHAPTER IX

### THE ELECTRICITY SUPPLY

It was not until late in the nineties, long after the very general introduction of electric light and power in America and Germany, that its use became common in Great Britain. Critics of municipal ownership have found in the backwardness of the industry a conclusive reason for condemning state interference.<sup>1</sup> It is undoubtedly true that the attitude of Parliament, as well as the jealous fear of the local authorities, operated as a check on the rapid development of the electricity business in the United Kingdom. For Parliament was very cautious in the grant of powers to the franchise corporations, while the Town Councils interposed a veto wherever they anticipated taking up the undertaking themselves.

In electricity, as in all other franchise undertakings, the grants are made by Parliament rather than by the towns themselves. Application for permission to operate in a local territory is first made to the Local Government Board. Before any grant is made, the Councils are permitted to be heard,

<sup>1</sup>See *Municipal Ownership in Great Britain*, Hugo Meyer, pp. 241-266.

and if they interpose no veto, the application is referred to Parliament, and a franchise is usually granted. But the Board of Trade rarely overrides the provisional veto of the Councils. And the local authorities have been generally unwilling to give their assent to the making of any grant to the private companies.

Those who measure a nation solely by the magnitude of its export trade, and see in government only an agency for the creation of special privileges, find in the slow development of the electricity business of Great Britain only a loss. But there is another side to the question. While capital has suffered some loss, the people have enjoyed very substantial gains. They have been saved the experimental costs of the early days of the industry, a cost which the American people are still carrying in some form or other. In addition to this, by the time the industry had reached a stage of perfection the towns were ready to enter upon it themselves. They were able to do this with the experience of Germany and America before them. And in most instances they erected their plants in anticipation of the future growth of the industry.

In the early days, Parliament limited the life of the franchises for electricity undertakings to twenty-two years. At the end of that time the Town Councils were empowered to purchase them on the value of the physical property. Later, the duration



of the franchises was extended to forty-two years. In the meantime the private companies were subject to supervision by the Board of Trade, or, upon authority being secured from Parliament, the cities could purchase them. In this event the valuation included the value of the unexpired grants, measured by the net earnings of the company. In those cases where cities purchased they paid handsomely for the franchise value of the properties. In 1898 the city of Leeds bought out a private company for \$1,803,428 whose physical property was estimated to be worth but \$1,058,074. Sheffield paid more than twice the physical value of the plant purchased by it. Birmingham paid \$2,043,930 for a property worth but \$1,065,764. But the Borough of St. Marylebone was the worst sufferer from the method of appraisal fixed by Parliament. The Council was dissatisfied with the private company, and paid \$6,250,000, in addition to five hundred thousand dollars more in arbitration charges, for a plant whose value was considerably less than one-half that sum.

It was the fear of private franchises, and the necessity of buying back at excessive prices something which had been given away for nothing, that stimulated municipal ownership in this field. For the Town Councils had burdened themselves with heavy costs in the gas and water undertakings, and at that time were issuing bonds far in excess of the

value of the street railway undertakings that they were taking over. In order to prevent the private companies from securing electricity powers from the Board of Trade they asked for power to operate plants themselves. But in order to hold the privilege it was necessary to build in from two to three years, otherwise the franchise would be given to private promoters. In addition to this, the towns were entering upon the purchase of the tramway systems, and saw in the lighting industry a means of making a very great saving in the original cost of the plants as well as in the operating expenses. For the load upon the tramway department is a day load, while that of the lighting department is a night load. By the union of the two undertakings very great economy could be effected in the cost, for the great majority of the towns operate the two enterprises together. All of these causes co-operated to stimulate municipal ownership in this field.

Thus, while the development of electric light and power was delayed in Great Britain, the public has been the gainer by reason of the fact. Not only has the country been saved the costly experimentation that America and Germany are even now paying for, but by the time the industry was an accepted success the cities were convinced that it was an undertaking that should not be left in private hands.

Since 1895 the industry has developed very rap-

idly, and the plants of the municipalities compare in magnitude, as well as in the perfection of their development, with any in the world. For the Town Councils sent expert commissions to other countries to make investigations as to the most approved plans, and employed the highest sort of skill in making their installations.

During the decade following 1895 the development of municipal ownership was very rapid. By 1905 the number of public plants was 334, with a capital investment of \$155,728,000. At the same time, the number of private plants was 174, with a total capital of \$133,828,750. In the metropolis of London there are fourteen public plants and an equal number of private ones. The public undertakings in London are in the hands of the Borough Councils, and do not compete with the private enterprises. For Parliament looks upon this industry as a natural monopoly, and rarely permits of competition. The public and the private undertakings supply different areas.<sup>1</sup>

The only protection enjoyed by the cities from the private companies is that afforded by the Board of Trade, which has power to investigate local conditions and compel a private company to improve its service or to reduce its rates. That this security

<sup>1</sup>How rapidly the municipalities are appropriating this field is seen by the fact that the number of provisional orders granted the local authorities is now 483, against 324 to companies.

is not deemed sufficient by the local authorities is evidenced by the fact that the public plants have almost superseded the private ones in the cities of any size.

A very large percentage of the municipal plants have been opened during the past five years. And the very great activity of the towns in this field has focussed the opposition to municipal trading upon the electricity undertakings. The criticisms are mostly of a financial sort, going to show that the towns have not made a business success of the ventures. A much better appearing case can be made against the Town Councils in this field than in any other. For the towns have made their investment in anticipation of future needs. They have, in many instances, erected large generating stations, in order to be relieved of the necessity of throwing away their investment in a few years' time. Moreover, the use of electricity is of slow development. It takes years to introduce it into common use, either for light or power, especially against the competition of such cheap gas as the British cities enjoy. The opponents of municipal ownership have made no allowance for this fact, but have pointed to the fact that the cities have not been able to meet all of the operating expenses, together with the proper depreciation allowance and the sinking fund charges imposed by Parliament upon the undertakings. An examination of the *Electrical Times* for

May, 1905, shows that at that time the number of municipal undertakings making a profit was 115, the surplus for the year being \$2,121,794. At the same time there were 67 public plants that showed a loss which amounted in the aggregate to but \$338,124, or an average of but \$5046 per plant. But of those showing a loss forty-two had only completed the third year of their working. Year by year the number of plants showing a deficit diminishes, and when it is considered that a number of towns have entered upon municipalisation for the sake of the service rendered, and are willing to pay for the cost of it all because of the advantages which they enjoy, the showing of returns is a rather remarkable one.

From now on the public plants may be expected to show increasing efficiency and a great increase in earning power. Cities like Glasgow, Manchester, and Liverpool, which have installed large generating stations, and which have been busy bringing the service to the people, are already earning large sums, which are being used for depreciation, debt repayment, or the reduction of charges to the consumers. The rates charged by the public plants differ widely. Taking the United Kingdom as a whole, they average about eight cents per kilowatt hour for private lighting, and from two and a half to four cents for power. Very many of the plants are identified with the tramway enterprises. It has been found to be economical to install a single sta-

tion of ample capacity, and operate both the lighting and the street railways from the same plant.

The Glasgow plant is one of the largest and most successful in the Kingdom. It has over 12,000 consumers and a value of over six million dollars. Of a total income of \$906,997 in 1905, the gross profits in excess of operating costs were \$543,952. This was devoted to depreciation, to the payment of interest on the debt of the plant, to the retirement of the indebtedness, and the creation of a reserve fund as a protection against any unusual emergency. The average charge for private lighting was six cents kilowatt hour and 2.55 cents for power.



## CHAPTER X

### THE GREATEST GAIN OF ALL

IN the final analysis one's attitude toward municipal ownership is but a reflection of one's attitude toward government. What are the proper functions of the city? What should it do and where should its activities end? What ideals should animate society in relation to itself? Over these questions there is room for honest difference of opinion. The ablest of the recent protests against municipal ownership lays down the proposition as fundamental that: "The primary duty of a local government is to govern and not to trade, and to this proposition there should be no exception whatever."<sup>1</sup>

This is the attitude of the British franchise interests, which are organised for the purpose of opposing municipal trading upon the ground that it interferes with the free play of individual initiative. The indictment against the policy of the Town Councils is that trading "must of necessity lead to stupenduous financial liabilities, add to the burden of the rates, weaken municipal credit, bring

<sup>1</sup>The Dangers of Municipal Ownership, by Robert P. Porter, page 49.

about inequality of taxation, interfere with the natural laws of trade, check industrial and scientific progress, stop invention, discourage individual effort, destroy foreign trade, establish an army of officials, breed corruption, create an aristocracy of labour, demoralise the voter, and ultimately make socialistic communities of towns and cities.”<sup>1</sup>

As yet there are no signs that any of these calamities are imminent, unless the increased indebtedness of the towns is of itself a calamity. But the indebtedness for trading is more than offset by the assets, which the cities have acquired, for the trading enterprises have already repaid nearly one hundred million dollars on their undertakings. The taxpayers have not been burdened. Quite the reverse. The reports of the Board of Trade, which up to 1906 were in the hands of the Conservative party, not to speak of those of the Parliamentary committees themselves, show conclusively that the reproductive undertakings aid the rates to the extent of millions of dollars a year. At the same time the rates of fare upon the tramways and the charges for gas are less than one-half the average charges in this country. The towns seem as efficient and as willing to adopt new devices and to recognise talent as the private companies themselves. There has come, it is true, an army of officials, but so far as they are concerned, they would have to

<sup>1</sup>*Idem*, page 27.

be employed by someone, and when the opportunity offers they seem to prefer the city to the private corporation. As for corruption, it seems to be absent from the British city. This can hardly be said of the political activities of the franchise corporations of America, into whose hands the friends of individual enterprise would have us commit ourselves. As to an aristocracy of labor, this is hardly a menacing thing to a nation in which one million of its people are said to be employed by the cities. An aristocracy which involves an improved standard of living for one-eighth of the population is rather more to be desired than an aristocracy reared upon franchise grants, which in America is limited to the merest handful of persons.

Is the end of government a large foreign trade, industrial progress and invention, even a low tax rate and the fullest opportunity for the free play of initiative? For these are the ideals of business. Is it not just such ideals as these that explain the condition of modern society, a condition of which Thomas H. Huxley has said: "I do not hesitate to express the opinion, that, if there is no hope of a large improvement of the condition of the greater part of the human family; if it is true that the increase of knowledge, the winning of a greater dominion over nature which is its consequence and the wealth which follows on that dominion, are to make no difference in the extent and the intensity

of want, with its concomitant physical and moral degradation, among the masses of the people, I should hail the advent of some kindly comet, which would sweep the whole affair away, as a desirable consummation. What profits it to the human Prometheus that he has stolen the fire of heaven to be his servant, and that the spirits of the earth and of the air obey him, if the vulture of pauperism is eternally to tear his very vitals and keep him on the brink of destruction?"<sup>1</sup>

A community which is content to merely "govern," which subordinates all other considerations to those of property and the free play of individual initiative, is not greatly concerned over any such lament. But is there not another ideal, an ideal that is susceptible of expression as well as execution, that draws the line between individualism and socialism? The question, "What are the functions of government?" says Huxley, is translated into another—namely, "What ought we men, in our corporate capacity, to do, not only in the way of restraining that free individuality which is inconsistent with the existence of society, but in encouraging that free individuality which is essential to the evolution of the social organisation? The formula which truly defines the function of government must contain the solution of both the prob-

<sup>1</sup>Essay on Government, In Methods and Results. Essays, page 423.

lems involved, and not merely one of them." Locke has furnished us with such a formula, in the noblest, and at the same time briefest, statement of the purpose of government known to me: "The end of government is the good of mankind."<sup>1</sup> It is by this formula that municipal ownership should be measured.

Municipal ownership is a moral, not a financial question. Its essential morality springs from the importance of certain services to the life of the community. To justify municipal ownership through its effect upon the purse is like justifying human life itself through a demonstration that it costs less money to rear a child than it afterward produces as a man. Further than this, the great franchise corporations which occupy the streets are, of necessity, monopolies. They can only maintain the privileges which they enjoy through constant interference with the political life of the community; and a people can only escape from this merger of monopoly and politics through municipal ownership. Regulation, far from diminishing, only increases the necessity of it. Great Britain demonstrated that fact, as our own cities have done in their water and electric lighting enterprises. For when a city owns an undertaking, all classes can unite in securing good administration. But when it is in private

<sup>1</sup>Essay on Administrative Nihilism, In *Methods and Results*. The days, page 277.

hands there is a constant conflict between those who own it and those who do not, over terms, rates, service, and everything connected with its administration.

This is the ceaseless struggle that is going on in every large American community. A city cannot be half privileged and half free, any more than a nation can be half slave and half free. Either the one interest or the other must rule. A city can only rule itself for the good of all through the ownership of the things that lie at the very heart of the community's well-being.

We can see this conflict of interest in almost every large American city. The unorganised common people are occupied in fighting back the aggressions of the bankers and brokers, the bench and the bar, the business men and the press, all united in an attempt to control the city and secure for themselves and their friends franchises of great value.

The cities of Great Britain have united all classes with the city. They are now working for the city, not making war upon it. They are interested in good government, not plotting for corrupt government. The internecine struggle of class with class which cleaves every American city in twain is absent from the British city. All classes are free to insist upon good government. In the American city the powerful interests are united in a struggle



for a corrupt government that will enrich them with franchises. This is why municipal ownership is a moral question. The stakes involved are political freedom.

Some American critics do not like the British tramways. But neither do they like the British tailors, hotels, railways, or methods of doing business. But compare the attitude of the British city to its people with that of an American company to its patrons. Stand upon the street corner of any of our cities, morning or evening. Watch the struggling mass of humanity fighting like animals for an opportunity to stand upon the platform or the running-board of a street car. Worn-out shop girls are crushed or trampled upon. Women who have already spent from ten to twelve hours in the fœtid atmosphere of a sweat shop or factory are hustled about with the grossest indignity. Cars are dirty or filled with disease germs. Equipment, long worn out, is noisy and dangerous. The lust for dividends is at war with the very life of the city.

Ordinances of the councils, requiring improved service, life-saving fenders, or transfers, are calmly ignored, or carried into the courts, there to be delayed in enforcement or ultimately found to be in violation of some vested right fraudulently acquired or surreptitiously inserted into an ordinance. Gas companies filch the pockets of the people by dishonest practices, by excessive charges, or false me-

ters. They insolently repudiate any attempt to reduce rates. They water their gas in order that they may still further water their stock. And in order to continue their oppression of the people the franchise companies maintain a continuous lobby in the council chamber and in the legislative halls of every State in the Union. They purchase entire parties by campaign contributions. In return for the contributions the parties nominate mayors, councilmen, tax assessors, even the judges upon the bench, in the interest of the corporations. The press which they control does not hesitate to destroy the character or malign the motives of any man who dares to question their privileges. Members of the bar who lend their aid to the city are made to pay the price in business if not in social ostracism. Wholesale and retail business men are subjected to as remorseless a boycott as was ever devised by a labour union. Further than this, all classes whose interest or fear can be appealed to are exiled from any participation in the political life of the city. It is this that makes municipal ownership a moral question. This is no overdrawn picture. It is true to the life of Chicago, Cleveland, Toledo, Philadelphia; true to conditions in any city where an attempt has been made by the sovereign municipality to control the corporations which the state has endowed with splendid gifts and privileges.

No city in the Union would dare to give to its people such service as they are compelled to accept from the private companies. Any administration would be driven from power by the all but unanimous voice of the people, which ignored the comfort and lives of the public as do the street railways, the gas, water, and electric lighting companies. Many men admit all this, but fear the organisation of the employees for the control of the city. But were all the employes of the city united they could be driven from power by an aroused public sentiment. For then the press and every agency of public opinion would be free to insist upon good administration. At most, the employees of a city would not exceed ten per cent. of the voters, and any attempt on their part to control the politics of the community in their own interest would be out of the question. Party lines would vanish in a city that was free from these interests, for anyone familiar with the average American city is aware that the franchise companies are most largely responsible for their persistence.

Compare this picture of the American city with that of Manchester, Liverpool, Glasgow, Leeds, Sheffield, or any other large city in Great Britain. The doings of the Town Council are of absorbing interest to every member of the community. There is no hatred, no warfare of interest, no class standing apart from the city, struggling to control its

administration and all of the agencies for the moulding of public opinion. In the clubs, on the streets, in the restaurants, people talk about the city and the proceedings of the Council. The city is the most frequent topic of conversation. The earnings of the different departments, the achievements of committees and managers are approved or criticised. The city is free, privilege is absent. There are none to whom bad government is desirable. The city and its enterprises are managed for the people. Fares are low, and in time will be very much lower. For the English city is very cautious, and is rapidly extinguishing its indebtedness out of earnings. In the rush hours of morning and evening cars are in abundance. There is no crushing of women in the struggle for standing room. A seat is supplied to nearly everyone. For the cities limit the standing room to from four to six. There are no epidemics from pneumonia nor other diseases caused by dirty or unheated cars. The cars are cleaned and disinfected in a most careful way. Schedules are arranged to meet the pressure of business. Conductors are courteous to everyone, for the public is their employer. They are paid a living wage, and their positions are secure so long as they merit them.

Compare, too, the fatalities of private and public operation. In the British cities no means are overlooked for the minimising of danger. Human life

is cheaper than fenders in America. Human life is sacred in the British city. The English cities vie with one another in their efforts to serve the people, to secure efficient management, to promote the comfort and convenience of the public. The American street railways vie with one another to inflate their securities, to rob the public through excessive fares and charges. The British city endears its industries to the people through the service which it renders. The American franchise corporation cares not for public approval so long as it is entrenched behind a franchise made sacred by the courts.

The Town Councils manifest the same solicitude in the administration of their other enterprises. Gas is sold at from forty to sixty cents a thousand cubic feet. The city encourages its use in every possible way. It installs fixtures. It examines them when installed. It helps the consumer to economise. It reads its meters honestly. Many cities place heating and cooking appliances in the houses free of charge or on a small rental. Penny-in-the-slot devices are placed in the tenements in order that the very poorest may enjoy some of the comforts of life in the hours that are not devoted to toil. In consequence, nearly everyone uses gas. This is one of the best tests of municipal ownership. In Glasgow and Manchester, one person out of every five is a user of gas, which is the equivalent of almost one connection to every family.



The British city is fraternal in its attitude toward the people. The American city invites fratricidal war by offering great treasures for the strong and the unscrupulous to struggle for. That is why municipal ownership is a moral question, just as much a moral question as the turning over of the police departments of our cities to a Pinkerton agency, of leaving the health administration to a private company, of leasing our public schools to those who would make them pay dividends.

Corruption, inflated securities, arrogance, oppressive rates and charges, civil strife, are the prices we pay for the private ownership of a public service. This is the cost of individualism, where individualism has no place. An affectionate regard for the city, the absence of bulging dividends, the best possible service, and a fraternal sense between all classes of the community, are the returns of the British city from the public ownership of a public service. These returns are not susceptible of statistical demonstration. They do not appear in the city budget. They are the higher returns not mentioned in the annual balance sheet. But they are more eloquent than any advantage to the rate-payer. They are the things that make possible a decent city life. They are the only tests we should consider in weighing the gains and losses of municipal ownership.

No programme of city building is possible until



the city controls the great transportation, lighting, heat, and water utilities. They can no more be left with safety in private hands than the human body could entrust its organs to a control outside of itself. For the life of the community revolves about them. They determine the boundaries of the city, how it will be housed, how and where its life will be carried on. Its health, comfort, and happiness are incidental to the water, light, and heat supply. The standard of living of the people is dependent upon the land and the proper performance of these services. A city which owns them all can co-ordinate their administration. It can lay out its highways as a whole. The constant tearing up of streets would be obviated. The electric lighting and the traction systems can be united under one control, as is done in many British cities. Streets and dark alleys can be better lighted, to the great improvement of the morals of the community. The population can be carried far out into the country, even, if necessary, at a loss to the city. Gas and electricity can be made to serve the community in countless ways.

When all of these enterprises are under public control city building will be possible. Then men will think of the city as a whole. Officials will be able to turn their attention to the real possibilities of a city, possibilities of which we have not yet begun to dream. To-day, the honest and capable

official is devoting his life to the protection of the community from the aggressions of private interests. He has no time, and the public has no interest, in any other question. Elections are fought out over the franchise question to the exclusion of everything else.

The British city is free from all this. It is free to think of other things, free to have ideals. It is not because the British city has more constructive statesmanship that it has achieved where we have failed. The average Englishman is no more able to administer great undertakings than we are. But the men of talent in that country are free to enter politics. There is no conflict between their patriotism and their purse. And were the American city able to take over the franchise corporations, it would in a short time administer them as honestly and as efficiently as does the British city. Then we should call to the city the talent which is now exiled by interest or fear. And just as American industry is more progressive, more efficient than the industry of Great Britain, so American democracy would give to the world the most efficient city in Christendom. For nothing is more mistaken than the assumption that the American is too engrossed with business to enter politics. We find no difficulty in securing talent for public place when the way is open for its entrance. This is true of our public schools, it is true of our library boards, it

is true of the appointive offices of the Federal Government. Wherever politics is free from the contaminating influences of the big, privileged business interests there men are willing and eager to enter the public service. And it is these interests that employ the boss and the ward heeler; it is they who supply the bulk of the campaign contributions; it is they who keep alive the senseless party spirit.

We have overlooked the fact that all men, from whatever class they come, have within themselves something which responds to the opportunity to serve their fellows. It is the most universal of all forces. It lies dormant in America because of the conflict of interest with patriotism. That, and the hostility of the franchise corporations, exiles the best and invites the worst into the administration of the American city.

When the American city becomes the most important corporation in the community, when it offers an opportunity to all to use their talents on big things, without fear or the hope of gain, then there will come to us an awakening like that which followed in Great Britain in the wake of municipal trading. And honest municipal administration can come in no other way. So long as millions of dollars are placed in jeopardy by the election of honest councilmen or an idealistic mayor, just so long will those millions be organised for protection against the community. For wherever we go, privi-

lege and liberty are ever at war. This warfare will only cease when monopoly is exiled from politics. And this can only be done through the ownership by the community itself of the great public service corporations which are now in private hands.

## CHAPTER XI

### THE MUNICIPALITY AND LABOUR

IF there is any serious menace to the community from the employment of large numbers of men, the British city should bear witness to it. For municipal ownership has greatly increased the number of city employees. The tramways, electricity, gas, and other undertakings, which have passed under the control of the Town Councils during the past few years, have probably given employment to from one to two hundred thousand men. In the city of Glasgow, the employees number about 15,000, or ten per cent. of the registered voters. In other towns where the Council has gone in for the ownership of the franchise corporations the percentage is probably equally high.

In addition to the fact that the cities are coming to employ an increasing percentage of the voters, the struggle for work in Great Britain is very severe, and the pressure upon those who have jobs to bestow is correspondingly great. Moreover, there are no civil service laws to protect the public from the spoils system. Under such conditions as these the employees should be a menace to the freedom

of the towns if there is any real danger from this source.

There is little ground for any such apprehension. I have talked with the managers of a score of departments, and never heard the suggestion made that this was a serious danger, or that the men made use of their power to control or influence the election of men who would be responsive to their demands. Occasional fears have been expressed by officials that the time might come when the employees of the city might have to be disfranchised in order to prevent their control of the Council. But instances of any such attempts are so rare as to negative such an apprehension. Save in the skilled trades, where the number of city employees is limited, the men do not generally organise into unions. The city is the best union they could possibly have. Nor would the public tolerate any attempt on the part of the employees to run the town in their own interests. Even West Ham and Battersea, which are controlled by the labouring classes in the councils, and about which so much ado has been made by the conservative British press, have not ventured to abuse their powers for the advantage of the employee. In so far as these communities have given expression to radical ideals they have been in the form of progressive schemes for improving the condition of all classes through model dwellings, libraries, public baths, and in



finding work for the unemployed, who would otherwise have become a burden to the rates.

In the ordinary municipality there are only two classes, those who serve and those who are served. And the latter class will remain in the large majority until something like socialism is approached. To-day, the number of employees rarely, if ever, exceeds ten per cent. of the voters of the community, and of these the majority are rate-payers, and have almost as much appreciation of the impropriety of political activity as the Mayor himself. And despite opinion to the contrary, the percentage of employees in the average American city who actively participate in politics is not very high. For the men to be found in the City Hall are animated by the same instincts and moved by the same public opinion that controls their neighbours. There is no greater bogey in politics than the political tyranny of the office-holding class. At primaries and caucuses they exert much influence, but on election day they are far from formidable. No city could be carried on if its office-holding class were as ignorant and inefficient and as given over to bad politics as the average critic assumes them to be.

The British city is still further protected by the fact that the Councils aim to be model employers. There is no incentive to be otherwise, because there is no competitive necessity of paying the low-

est possible wage. The Council refuses to buy its labour in the cheapest market, if by so doing it pays unfair wages or reduces the pay of its servants below the standard of decent existence.

In its early days the London County Council fixed a standard of employment. It announced that the public could not expect the private employer to abolish the sweatshop if it tolerated its continuance in city work. So the Council established a fair wage scale and adopted the Trade Union conditions in all departments. It paid the prevailing rates of the unions and compelled all contractors dealing with the Council to observe the same rate, under penalty of forfeiture. By this means it raised the standard of living of thousands of men and women and established a living wage in all work in which the city was a partner. The Council also opened a large department devoted entirely to the performance of municipal work. Whenever contracts are to be let for the erection of dwellings, engine houses, fire stations, sewers, or other public work, the Works Department becomes a bidder, the same as any private builder. If its tender is the lowest it secures the work; otherwise, it goes to outside parties. In addition to this, the department has charge of all repair work and the maintenance of the property of the Council. By this means the Council is always in a position to checkmate any combination of bidders and at the same time establish a standard

of workmanship by which private builders are measured. The department is under the control of a committee, and its costs sheets are subject to merciless scrutiny by the press and private interests. It has now been a part of the Council's policy for fifteen years. While it was a source of some expense during the early years, owing largely to the vacillating policy with which it was supported, it now handles contracts and performs work to the extent of many millions of dollars a year. According to the reports of the Council it amply justifies its existence in the reduced cost of public work, in the more durable character of its construction, as well as in the competitive check which it gives on the private contractor.

Hundreds of other local authorities have followed the London County Council in the policy of doing work by the direct employment of labour as well as in its schedule of wages. It is now well nigh universal for the cities to do by direct labour a large part of the work previously let out to contractors. Many of them have erected splendid workshops, through which all of the construction work of the city is done. Many tramway departments have well equipped plants for the erection and repair of cars and electrical supplies. In Glasgow, the central fire station builds all of the fire apparatus for the city, the men on the fire force being employed because of their skill as artisans. Shef-

field has an electrical manufacturing plant, and other towns manufacture other commodities as incidental to the work of some department.

Almost always the city employee is paid somewhat more than the competitive wage. In so far as is possible, the trade union standard is adopted, but where no union exists in a trade the Council fixes a living wage, below which it will not, and below which anyone dealing with the city must not go. In addition to this, the Councils and the managers of the several departments organise relief funds and make provision for sickness and old age. These insurance schemes are purely optional, but inasmuch as the city assumes a portion of the expense, the men are usually desirous of membership. In nearly all cities the men are limited to six days a week, and are given a number of days' holiday each year on full pay.

Tramway employees have been especially benefited by municipalisation. As a matter of fact, the wretched condition of the employees was one of the principal causes leading to the taking over of the plants. Hours of labour were long and wages were low. The men were compelled to work from seventy to eighty hours a week, and in many instances as much as ninety hours. The Councils have reduced the hours to an average of sixty a week, with one full day off in seven, while in the larger towns the week's work is of fifty-five hours. According to an

estimate of Mr. Albert Baker, former manager of the London County Council Tramways, the result of municipalisation has been to reduce the hours of tramway employees all over the kingdom by forty-eight per cent., while the wages have been increased by not less than forty-two per cent.

The Councils also provide the men with free uniforms. The cost to the London County Council of the betterment of the tramway employees amounts to nearly \$200,000 a year. In Liverpool, the increased operating expenses are about the same, while the tramway department of Glasgow is expending in the neighbourhood of half a million dollars a year more than it would have paid under the rate of wages and other conditions prevailing under private management.

Many other considerations are shown the men, in the form of clubs, recreation rooms, gymnasiums, and means of improving their condition. There are athletic parks and cricket teams. In some of the towns the men have organised bands. The attitude of the Councils is in marked contrast with that of the private companies. For the towns seek to enlist the co-operation of the employees in making the enterprise as serviceable as possible to all of the people; they strive to awaken a consciousness of the co-operative character of public work and an appreciation of the fact that the public has dignified their positions into those of public servants. The men



have responded to the changed relationship. They are courteous and considerate to the passengers. The higher pay and the greater attractiveness of public employment make them very jealous of their positions and very careful not to forfeit them by any act of carelessness. A fraternal relationship is coming into existence between the city and its servants, while the constant friction over wages, hours of labour, and other matters, is at an end. The employees confer freely with the managers and with the members of the Council.

There are no civil service laws governing the employment and the retention of men in the municipalities. That is left to the manager, as in any private employment. He is free to discharge or employ men at will. But inasmuch as there are no political organisations to maintain, the spoils system has never gained entrance. The employees of the British city are not in politics as much as the employees of the franchise corporations in America. For anyone familiar with municipal conditions in this country is aware that one of the commonest means of controlling councilmen is through the appointment of their friends and relatives to positions. In Great Britain, many influences combine to prevent the organisation of the office-holding class for their own advantage. Public opinion is always alert by reason of the pecuniary interest of the rate-payers. There is but one issue before the people, and that is the city itself. It is not con-



fused by the privileged interests which divide the community into those who desire good government and those who desire bad government. Moreover, the condition of the employees is a matter of constant concern on the part of the Council. There is no dividend to be paid upon watered securities, and consequently no pressure to keep down operating expenses, even if the excess earnings must be extorted from underpaid labour. Thus far, at least, the apprehension occasionally expressed that the increasing army of city employees would prove a menace to the community has not been justified. And, as a matter of fact, there is no reason for assuming that those who work with their hands are any more likely to make use of their positions for personal gain than any other class. For they are subject to constant supervision by the public, and all of the agencies for the making of public opinion are in the hands of the non-official class.

The increase in the number of municipal employees does awaken an enquiry as to its effect upon the programme of the future. Those already in the city's employ will tend to support any movement for the increase of the activities of the community. Their influence will probably be thrown on the side of every reasonable increase in the socialisation of the municipality. In this sense municipal ownership has added a powerful factor, which will undoubtedly influence the future industrial development of the British city.

## CHAPTER XII

### PARLIAMENT AND THE CITIES: THE TYRANNY OF A CLASS

THE lust for monopoly, untaxed, and free to follow its own desires, is the controlling motive of English as it is of American politics. The House of Lords, like the United States Senate, is a monopolistic body. Once this is seen, much that is otherwise inexplicable becomes clear. Herein is the struggle of the cities with Parliament. For the cities are seeking to control the abuses which Parliament is constantly seeking to protect. The great obtruding issue in Great Britain is monopoly against liberty, of privilege against democracy; an issue with which we are perfectly familiar in America. In this contest the attitude of the ruling class is the attitude of privilege everywhere. It is the attitude of the Roman Senate toward the landless freemen, of the French nobles toward the third estate, of the Russian aristocracy toward the peasants, and of the United States Senate toward the people.

The underlying motive of monopoly is as old as society. It is the desire of something for nothing, of income without labour. And at bottom the issue

is an economic one. It is not conservative statesmanship, but class selfishness, that explains the jealousy of the aristocracy toward the growing powers of the towns. On the one hand are the cities, burdened by unjust taxation, and aroused by the poverty and necessities of the people. On the other hand are the members of Parliament, who make use of the powers entrusted to them to protect the things which the people are seeking to own or control. This is especially true of the House of Lords.

In this contest Parliament is supreme. The cities are but pawns. They are permitted to do almost anything that does not interfere with the abuses of the privileged classes. Aside from these activities the cities are kept under a jealous curb. They have less home rule than the American city enjoys. True, Great Britain is free from ripper legislation. Parliament does not interfere with the charters of the towns for partisan purposes. The form of government for one town is the form for all. By reason of this fact American observers have assumed that the English city is free to do as it wills. But the reverse is true. The Town Councils have much power of independent action in the administration of the schools, police, and sanitary departments. Their powers are ample when they do not conflict with the class which owns. In all matters which endanger some vested interest, however, supervision by Parliament is constant. The aristocracy has

given the people all of the appearance without the substance of power. The adjustment is so cleverly made that it does not suggest disingenuousness. In form, the British city is a simple democracy. In reality it is in a state of servitude. It is free to elect whom it will—conservative, liberal, radical, socialist. But when the Town Council desires to do anything that affects the land, or the tenements, or the franchise corporations, it must go to Parliament for permission. In other words, the Councils do not legislate on any of the most important questions affecting the city. Parliament is the real Town Council for all of Great Britain, just as Congress is the Board of Aldermen of the District of Columbia.

Thus the freedom of the British city is not a very substantial thing. It is bound by parliamentary thongs. It may not move in any direction which affects the purse of the over-lord without the permission of the over-lord. The sovereignty of the city is really subordinate to the sovereignty of the landlord. And the landlords are in perfect harmony as to the things they want. There is no pool, no syndicate, not even a gentlemen's agreement. The London County Council is not permitted to do anything to disturb the lands, the tenements, or the markets of the Duke of Westminster, or the Duke of Bedford, because a similar demand might be made against the land, the tenements, or the

markets of Lord Derby at Liverpool, or the Duke of Norfolk at Sheffield. All this is not corruption. It is the instinct of a sympathetic aristocracy, which always controls the House of Lords; and, when the Conservative party is in power, the House of Commons also. It is this that denies the British city the right of home rule.

In respect to the things it can do, the American city is much more free. Contrary to accepted opinion, we have a larger degree of home rule than prevails in Great Britain. Our cities can purchase water-works on their own initiative. They can install electric lighting plants, and frequently gas enterprises. And once acquired, they can manage these undertakings as they will. In most States, the cities can erect competing plants if the private companies are exorbitant in their charges or arrogant in their demeanour. Our city councils have considerable power to regulate private corporations, subject always to review by the courts. They can borrow money on their own volition or with the sanction of a popular vote. Permission from the legislature must be secured in the first instance, but it is usually granted to all of the cities of the State or to all of the cities of a class. The cities can buy such land as they need by compulsory purchase. They can do as they will in the administration of the schools, libraries, markets, baths, parks, and streets. Property can be destroyed when

it becomes a menace to the community. Health administration is free from interference, as is the police force. There is a generosity in the powers enjoyed that is not found in Great Britain. Some of our cities, especially in the West, have almost complete home rule, and the only obstacle to its further extension is traceable to the activity of the franchise corporations, fearful of ownership or regulation at the hands of the people.

True, our cities are far from the ideal of a city republic endowed with full power to govern itself. But the English city has no such generous powers as have been described conferred upon it by uniform law.

In Great Britain, the city can only borrow money after it has secured the approval of Parliament. In all matters affecting the city's finances, a similar sanction must be secured. In all trading enterprises, and especially in the ownership of franchise corporations, in the treatment of the housing question, or the regulation of tenements, in any matter which affects the vested rights of those who govern, Parliament retains control even to the smallest detail.

The Town Councils do not grant the franchises to street railway, gas, water, electric light, or telephone companies. This is done by Parliament. Franchises are conferred by special act, each separate grant being provided for by a private bill. A



company wishing to operate in a local area promotes its case before Parliament. It goes first to the Board of Trade for a provisional order; but its final powers are obtained at Westminster. General laws have been passed fixing the length of the franchise, its terms and conditions, and the terms of purchase by the city. But every franchise is drawn to meet local conditions. Parliament fixes the rate of fare which may be charged, and the method of construction and operation. The city can protest, can produce witnesses, and ask for the privilege of operating the industry itself. Saving in the case of railway and electricity undertakings, over which the Councils may exercise a veto, the city cannot do more. And Parliament may ignore the people's protest, although the tendency in recent years has been to prefer the city to a private company in case of conflict.

Parliament also determines the rate of speed of the tramways, the kind of rails and poles and construction to be followed. The area to be served is fixed in the same way. The same supervision is exercised over electric lighting, gas, and water companies. The franchises of the lighting companies are for forty-two years, for street railways for twenty-one years. Those of the gas and water companies are unlimited in terms. Parliament does not favour the public ownership of the gas supply when there is a private statutory company already

in the field. This accounts for the fact that two-thirds of the gas undertakings are still in private hands. A very careful supervision is maintained by Parliament, however, over the gas companies. Their charges are limited, and in comparison with American cities are very low. The dividends are fixed at from four to six per cent. Stock may not be watered, and can only be sold at public auction, while a sliding scale permits the companies to increase their dividends as they reduce their charges. A similar oversight is maintained of the electric light and tramway companies. On complaint being made by a locality the companies can be required to lower their rates or improve their service. This oversight on the part of Parliament is very efficient in the case of gas undertakings. The charges of the companies, while not so low as those of the public plants are very much below these charges in America. Similar limitations are imposed on the private tramway and electric lighting companies.

The very obvious necessities of health, and the inadequacy of many private companies, has led Parliament to approve of the public ownership of the water supply. When purchased from a private company, however, the cities are compelled to pay an excessive price for the franchise, based upon the net earnings of the plant. Parliament feels that if these industries are to be regulated at all, it should be done by their friends. For this reason the cities

have practically no control over service. For the same reason, Parliament does not permit competition, either the competition of the city or the competition of another private company. It treats the franchise corporation as a natural monopoly, an attitude which is perfectly reasonable in view of the nature of the undertaking, as well as of the fact that the members of Parliament are largely interested in them.

In case of purchase by the city, the price to be paid is agreed upon or determined by arbitration. In either event, the franchise, unless it has expired, must be handsomely paid for. Thus the city of Liverpool paid a private company over \$3,000,000 for the franchises alone of a street railway company. Glasgow and Birmingham escaped this burden when they acquired their street railway systems. When the former city took over the horse railway system in 1894, the company declined to sell its equipment. It expected that the Council would make a failure of the enterprise, and that the property would revert to its hands. So the Council took over the tracks, which it already owned, and permitted the company to keep its equipment. This action involved a complete loss of the company's investment. In the case of the electric lighting enterprises, large sums have been paid for the unexpired franchises.

The same solicitude is manifested by Parliament

over the city's finances. Permission has to be secured to borrow money for any purpose. Even a referendum vote of the people is of no avail. A special act must be passed for the purpose. Parliament also determines the amount of money which may be borrowed by the city, as well as the period of time in which it must be paid. This ranges from fifteen to sixty years, according to the permanency of the investment. For Parliament is very fearful of a big local debt.

When a community desires to own an enterprise it lays its case before the Board of Trade (one of the Cabinet Departments), and demonstrates its ability to make a success of the undertaking. Then a private bill is introduced. In case of controversy, testimony may be taken by a Parliamentary Committee. This involves considerable expense. If there is no private company in the field, and the local conditions seem to warrant the enterprise, permission is usually granted. Later, if the city desires to extend its service into a suburb, it has to go to Parliament for another special act. The same is true if it wishes to change the motive power of its tramways, to secure a new source of water supply, or to change the candle-power of its gas. The city cannot sell gas stoves or fittings; cannot carry packages on its tramways; it cannot wire houses, without special Parliamentary sanction. With all of their local knowledge and business ability, the

Town Councils are not permitted to decide even these insignificant matters.

This Parliamentary oversight is very costly to the towns. Disbursements for solicitors, agents, and experts, incurred in the promotion of bills, appear in the annual budgets of every city. In many instances these expenditures run into the hundreds of thousands of dollars every year. As elsewhere appears, the local authorities of Great Britain expended \$3,490,000 in six years' time in the promotion of measures of local necessity and in protecting themselves from adverse legislation by Parliament.

While the Conservative party, which has been in power for nearly a generation, has been opposed to municipal ownership, it has been forced by the towns to permit of its extension. The House of Lords is especially hostile. Two commissions of the Lords and Commons were created to investigate municipal trading. The committees were far from friendly in their attitude, and most of the witnesses summoned were those identified with the financial and business interests seeking private grants.<sup>1</sup>

Despite this fact, but little damaging evidence was brought to light at the hearings. The committee made no positive findings, save in the matter of accounting, about which it made some recom-

<sup>1</sup>The testimony taken at the hearings in 1900 and 1903 is published in two voluminous Blue Books under the title: "The Report of the Joint Select Committee on Municipal Trading."



mendations. But the very general financial success of the tramway, water, and electricity enterprises has established a strong presumption in favour of the local authorities in case of contest with a private company over the grant.

Parliament seems to be moved by the fear that the cities may grow too powerful, and endanger the privileges which its members enjoy. With this in view, it has been made just as difficult and just as expensive as possible for the towns to enter upon municipal undertakings. In the first place, it is costly for the towns to secure the powers. Then the plants must be erected under Parliamentary supervision. When franchises have been granted to private companies they are both exclusive and for long terms. To secure possession before the termination of the grant, the Councils must agree with the companies on value, or submit the matter to arbitration. The latter alternative is often more costly than the former, and is only resorted to when compromise is impossible. All these obstacles make it difficult for the towns to enlarge their activities or to extend the scope of trading. Parliament has been especially jealous of the London County Council. It has thwarted its endeavours to build up its tram lines into a comprehensive system. For years it blocked every effort to municipalise the water supply. The service was very inadequate, and the charges of the companies were based upon fran-



chises granted generations ago. But Parliament prevented their acquisition by the metropolis up to 1905. Even then it refused to entrust the administration to the County Council. A new Water Board of sixty-six members was created for this purpose.

Not only are the cities discouraged in their attempts to acquire the franchise corporations, but they are constantly called upon to protect themselves from attack on the part of those bent upon securing for themselves and their clients grants in the city's streets. At the last session of Parliament, the London Administrative Power Bill only failed of passage by the expiration of the session. It was on the calendar, and had almost been reached. It provided for a practical monopoly of the supply of electric current in bulk for all London for forty-two years. Many people thought it was designed to put the municipal electric lighting enterprises, of which there are fourteen owned by the Borough Councils, out of business. The London boroughs and the Council expended three-quarters of a million dollars to defeat the measure. But the company seemed sure of success because of the fact that over one hundred members of Parliament were stockholders in the venture. At the same session other measures were pressed for passage granting traction syndicates the right to run their cars over the streets of Birmingham and New-

castle. These bills were only defeated by the persistent watchfulness of the cities.

This jealous supervision cannot be explained merely by a distrust of the ability of the Town Councils. For the powers of the cities are very liberal in all matters of a routine nature. The real explanation is the self-interest of those in control of the government. For those who own the land are largely interested in the franchise corporations. The traction and electricity supply has lately been syndicated into a large monopoly operating all over the United Kingdom. In this monopoly many of the members of Parliament are interested. This explains the unwillingness of those who rule to concede any large measure of home rule to the cities. For the aggressive democracy of the Town Councils would make short work of the age-long abuses which are hung about their necks.

The same influences crib, cabin, and confine the towns in dealing with the slums and tenements. The housing evil is, at bottom, a land question, and no fundamental relief is possible that does not attack the untaxed monopoly which the land owners enjoy. But the slum lords are powerful in Parliament, and Parliament has made but little concession to the demands of tenement-ridden humanity in the cities. Local control over the tenements would strike at the pockets of the land-owning class, just as would the power to regulate the franchise cor-

porations. And in granting powers to cope with the tenement evil, such terms have been imposed as self-interest exacts. In the clearance schemes of London, Glasgow, Birmingham, Liverpool, and elsewhere, the Councils have been compelled to pay handsomely for the privilege of opening breathing spaces, or of making the tenement habitable. They have had to pay the capitalised value of a slum's earnings. It thus became profitable for the owner to stuff a rookery to suffocation in order to increase the price which the community paid for its destruction. The worse the overcrowding the greater the rental value; and the greater the rental received, the more the city had to pay as damages for its destruction. It thus became profitable to permit property to decay in order that the Council would be forced to purchase it for its own protection.

While much has been said of the model dwellings of the British cities, they have, in fact, made but little impression on the slum. Every dispossessed occupier had to find housing elsewhere. He was driven to another tenement. His expulsion from one locality merely shifted the disease to another and compelled the Council to repeat the process. All over Great Britain there is a house famine. As the land is untaxed, the landlord is under no necessity to build. His holdings are constantly increasing in value.

Herein is the explanation of the terrible housing

conditions of the cities. The people suffer from house hunger—a hunger imposed upon them by the landlords in control of Parliament, whose rent rolls are swelled by the famine which they have created by means of the exemption of their land from direct taxation. There is land enough, and energy enough, but there is no chance for energy to secure access to the land. At the same time competitive rack rents in country and city are slowly appropriating the wealth of the nation.

It is this that explains the tyranny of the past in Great Britain. At no time has Parliament been willing to clear the table and rebuild its local institutions, as was done by Napoleon in France, or Von Stein in Germany. Great Britain is yoked to tradition in every domain of life, and the cost to her people is immeasurably great. Germany, France, Holland, Switzerland, even Italy, have shown more confidence in the wisdom of to-day than has Great Britain. And the Town Councils, where alone democracy has emerged from the past, are burdened with this distrust of anything that is new, a distrust that is born of a fear that the age-long abuses which rest so heavily upon the backs of the people will be taken away from their owners.

To-day, the great struggle of the British city is to be free from Parliament, to be accorded home rule. This is one of the most insistent political needs of her people, for four-fifths of Britain's pop-

ulation live in cities. And here alone is democracy alive. With such a programme achieved, each city could determine what activities it desired to undertake; how it would manage its industries; how it would dispose of its surplus. It could grapple with the tenement problem in the interest of its wretched millions, rather than in the interest of the ducal owners. The city could readjust the burden of taxation and retake from the unearned increment which follows its growth enough for its local needs. Vacant land could then be taxed into use, or it could be bought by the community in advance of its growth.

Home rule would obviate the burdensome expenses to which the towns are put in the promotion of special bills. These costs form a considerable item in every budget. The Town Councils should be permitted to dispose of the city franchises to such persons and on such terms as they wish. On a referendum vote the city should be permitted to enter upon such enterprises as the people desire. The Council should have a free rein in the administration of its own affairs, in the distribution of earnings as well as the rates of fare and charges. These are all local matters of which the community itself is the best judge. And when the Council is in doubt the question should be left to the vote of the rate-payers.

The British city has fully justified its right to

freedom. It does the things it undertakes amazingly well. There are very few failures. It cannot be said that the Town Council may not be trusted. They are far more trustworthy than Parliament. And were the towns endowed with home rule, home rule in the matter of taxation, in the matter of the ownership and control of its trading enterprises, the British city would become in a very short time the most interesting experiment station of industrial democracy in the world.

This supervision by Parliament is an equally heavy burden on the Empire. The time of both houses is so occupied with local bills that measures of national importance are sacrificed. The member from a city district is constantly engaged in looking out for local measures. He is an ambassador from his community to the Imperial Court. He cannot give his energies to the nation at large. Thus Parliament expends its time on the petty details of municipal administration which should be left to the discretion of the Town Councils.



## CHAPTER XIII

### GLASGOW—A CITY OF THRIFT AND CONSCIENCE

THE glory of Glasgow's government is not an American myth. It is a concrete reality, even to the ha'penny man on the tram. "We have the best city in the Kingdom, probably in the world, sir," a casual neighbour on top of one of Glasgow's tram-cars said to me. That sounded like Pittsburg, like Chicago, or like the boastfulness of the American Far West. But it wasn't the same thing. "You seem to be proud of your city," I suggested, invitingly. "Of course I am," my friend responded. "Glasgow sells me gas at two shillings a thousand, it gives me telephone service at little more than half what it used to cost from a private company; it sells me water and electricity, and does a lot of other things. As for the Glasgow trams, they beat the world." "And the tax rate?" I inquired. "Is quite low," was the reply.

We passed a bowling-green, smooth as a billiard table. "The city has just opened those greens," said my informant, and pointing to a group of working-men, he added: "Any one of those men could tell

you the things I am telling you ; they know all about our tram system ; they have a fair idea of what the system earns, and what it costs to carry them. They'll tell you whether the profits should be used to reduce fares or to pay off the tramway debt. They regard the trams, the gas, the water, the electricity, as their business. A councilman has got to attend to the business of those men. If he doesn't, they 'heckle' the life out of him."

That's what the man on the street says about his Glasgow. That's what the poor unfortunate, living in a two-room tenement, says. That's what the merchant, the manufacturer, the big business man, says. They talk Glasgow all the time. Edinburgh says this is vulgar. Edinburgh says it is undignified. At all events, it's the Glaswegian way.

Even at the club I found it. I was introduced to a knot of sandy-haired business men. They were deep in talk. I heard the phrases business men conjure with in America. I heard of tramways, of gas, of electricity, and of telephones. And especially of some big corporation in which they all seemed to be interested. One of the men was a ship-owner, another was a large merchant, another an editor—all were men of eminence.

The talk turned to parks, to housing schemes, to symphony concerts, to a Whistler portrait in a local art gallery. The corporation so absorbing to them all turned out to be the corporation of Glas-

gow, the biggest corporation in Scotland. The tramways, the gas, the electricity, the symphony concerts, the Whistler purchase—all were parts of this Glasgow. These men were discussing economies, not parties; policies, not politics—and they did it as if it were their own business.

I went out to the sewage disposal works at Dalmuir. An old employee took me in tow. He explained how the sewage was collected; how it was separated by chemical treatment, how the water was purified before being poured into the River Clyde. It was so pure, he said, that it was fit to drink. He offered me a glassful, but I told him I wasn't feeling thirsty just at that moment. So he drank it himself. He told me how much the city received from the sale of the sludge as fertiliser. He explained the process as a gardener might describe the cultivation of some rare flower he had given his life to producing. The man had been in the city employ a long time. There was little dignity, and less pay, about his position. But he was a citizen of no mean city, and he was proud of his job. He was loath to let me leave him and his cesspool. It was all so important to him, he felt it must be equally important to the rest of the world.

Enthusiasm and interest, devotion and pride—these are the characteristics of Glasgow citizenship. I have talked with the heads of the city departments, with a score of town councillors, with police

and fire officials, with clerks, bath-house custodians, and conductors on the tram-cars—with all sorts of men, Tories and Liberals, Radicals and Socialists, from the Lord Provost down to the cab driver. And this is the sort of citizenship I have everywhere found.

Graft? Yes, I heard some talk of graft. The Glaswegian doesn't call it that. He doesn't know the word. But here and there a man would shake his head and say: "The Council isn't what it used to be." "It rather amazes me," said a newspaper editor, "to read what you Americans are always saying about us. Of course, though, I am a pessimist; but I cannot help feeling that the outlook here isn't very good. The make-up of the Council is changing. No, I have no personal knowledge of corruption, but there are men who have. I'll give you a note to a former councilman," mentioning a prominent business man; "he knows all about the way things are going down in the Council chamber."

It was true, then, this that I had so often heard in America—that no city could go in for such extensive business as Glasgow had undertaken, without corruption; that public ownership was bound to demoralise a city. And here it was. Had even Glasgow nothing to teach America? For that was what I was looking for, lessons in city administration.

I called on one of Glasgow's most distinguished citizens. He had been in the Council fifteen years, and had but recently retired. He, too, was inclined to send me away with the indefinite remark that the Council was not what it once was; that there were two or three aldermen who had no visible means of support; mere adventurers, he called them, who were making use of their positions in questionable ways.

"Let me see," I inquired, remembering Chicago, Philadelphia, and St. Louis. "You have no street railway, gas, or electricity franchises to give away; no contracts to light the streets, for you do all these things yourselves. You have abolished the contractor, and do your own work. You have no franchises, grants, or privileges, have you?"

"Oh, nothing of that kind, if that's what you mean by graft," he promptly replied.

This was mystifying. Here was corruption, but corruption without cause, for there was no one to tempt the official. And men do not bribe themselves. When pressed to be more definite, he said: "Well, there's Bailee so and so," mentioning a member of the Council. "He was sitting in licence court some years ago, and one evening he found on his desk an envelope containing fifty pounds. It was from a public-house keeper (saloon keeper) who wanted a licence." "That was bad," I suggested. "Was the magistrate prosecuted?" "Of course not,"

came the indignant protest. "He didn't keep the money. He made the matter known at once, and the applicant was arrested. And, of course, he didn't get his licence."

I professed the proper amount of horror, and asked, "Any other instances of graft?" "Well, that was a number of years ago. There was another case of the same kind, but it wasn't so bad as that, and we couldn't prove anything. But," he continued, "the trade is very active in politics. The liquor interests are said to have backed one or two men for the Council, men who have no business or profession, and who simply live by their wits."

Undoubtedly "the trade" is active in politics. The Council names fourteen of its members as magistrates in the police court. They determine what licences shall be granted, and what refused. There is evidence that the trade has organised for protection. It is certain that it aided in defeating Sir Samuel Chisholm, one of the most distinguished councilmen the city ever had. He had made himself obnoxious by a crusade against the traffic. Sir Samuel is a prominent wholesale merchant. After having been in the Town Council for half a generation, he became Lord Provost, the highest distinction in the community. As Lord Provost he urged the clearing of some disreputable slums and the erection of model dwelling houses for the poor. This would have involved an increase in the tax



rate. The more parsimonious among the rate-payers combined with the trade and defeated him for re-election.

The city is not menaced by any special privileges. It is a government of the tax-payers, for the tax-payers, by the tax-payers. For only tax-payers vote. I never knew a city that hated taxes as much as does Glasgow, and talked so everlastingly about the rates. Any measure involving taxation, even for the relief of the poor—and the poor of Glasgow are terribly poor, indeed—has to pass a jealous scrutiny. Away back in the sixties the rate-payers defeated Lord Provost Blackie, who had promoted the splendid clearance schemes for the destruction of the city's worst slums. Glasgow is a tax-payers' administration. I fancy it was these same tax-payers who took over the various undertakings of which the city is so proud. With Scotch thrift they hated to see the profits go into private pockets.

But I was not through with graft. I had read in the London *Times* that the increasing army of municipal employees was a menace to British institutions. I knew something of the spoils system in America; knew that most people who feared municipal ownership feared it because of this fact. And here in Glasgow there are 15,000 men in the city's employ. One-tenth of all the voters are on the pay-rolls. Here was the only possible source

of corruption. For nobody even suggested that the city had been sold out to "the trade," or that the so-called "adventurers" in the Council had ever sacrificed the city for their own advantage. I had been told by a prominent citizen that the employees in the gas department had once organised and threatened to put the city in darkness if their wages were not raised. Here was something real, something I could verify. This was something ominous, for all of our cities are adding to their activities and taking on new burdens which involve an increasing number of employees. I went to Mr. James Dalrymple, the manager of the tramways, which the Glasgow people say are the best in the world. The department employs 4,400 men. I asked Mr. Dalrymple if his men were in politics; if their unions had ever endeavoured to influence the Council, or had tried to coerce the city. "Never within my knowledge," he said. "The city is the best union they can have, for the city pays good wages, better than the private company did. The city gives the men a nine-hour day; it provides them with free uniforms; they have five days' holiday a year on pay, and get sick benefits when off duty. They do not need any union, although the city would not mind if they did organise. There were one or two instances of protest over piece-work, but we told the men they could work as they pleased. There has never been a strike, and never since the department

was opened, in 1894, have they attempted to influence the election of a councilman."

But the trouble had been in the gas department. So I went to the gas manager. I asked him about the strike, asked him what had happened when the men threatened to close the works and blackmail the city into submission. The strike turned out to have been the reverse of serious. Some years before an effort had been made to organise the workers into a union. A handful of men left work without giving notice, as they are required to do by law. They were promptly discharged, and later prosecuted for leaving the works. There had been no danger that the plant would close down. This was the extent of this incident. It was as far as any of the 15,000 employees have ever gone in controlling the Council. From time to time I heard references to this danger from others, but of councilmanic influence, or attempted coercion, I never heard of a single serious instance in all England. Nor has the spoils system a place here. They do not know what the spoils system means, although England has no civil service laws. Each man runs his department as he would a business. He picks out the best men he can find; the city pays good wages, and the employee remains as long as his service is satisfactory.

This ended my pursuit of graft. I did ask the Lord Provost, who has been in the Council for

twenty years, about it. "There is none," he said. "Any man who gave colour to the suspicion that he was dishonest, that he was interested in a city contract, that he even sought to make a place for a relative or a friend, would be treated as a pariah. He would be ostracised both in the Council and out of it."

The Lord Provost is the head of the city. He is as like our mayor as anything they have, and as near a boss as anything I found—only he is neither. He has no offices to fill; no veto messages to write; no party to lead; no salary to enjoy; no honours or emoluments to bestow. He is a titular dignitary, the first among equals. That is all. He is elected as a councilman by his ward, and then chosen mayor by the council over whose meetings he presides. He is an *ex-officio* member of all committees, and his influence on legislation and the life of the city depends upon his character, not upon his legal powers. He represents the city on official occasions, receives the King and distinguished guests. No man can accept the position unless he can afford to neglect his business and spend a considerable sum of money in maintaining the dignity of the office. The office is one of expense, not of income. Despite his lack of legal authority, the Lord Provost exerts great influence on administration. He is the busiest man in the city. His daily programme

is as full as that of a *débutante* at her first ball. At the Town Hall by ten, the morning is filled with correspondence and the sessions of committees. Then an official luncheon. Later, perhaps, a meeting of the Council, over which he presides, with frequent interruptions to attend some public gathering. In the evening a dinner, some notable gathering, a congress or fair to be opened with a speech. Later another address, possibly before some workingmen's organisation. To these demands are added various duties which fall upon him *ex-officio*, not to speak of the arbitrament of labour disputes, the representation of the city's interests before Parliament, and a host of other claims all equally insistent.

What are the returns for all this sacrifice? When the Lord Provost retires from office the city has his portrait painted and hangs it in the Municipal Art Gallery. It also places an official coach and pair at his disposal. His other returns? Well, they are certainly not of a financial sort. One of them is the order of knighthood, which is usually bestowed by the King. I asked the present Lord Provost about these things. I had seen the portraits of his predecessors in the art gallery—all fine-looking men, clad in purple robes and ermine, with massive gold emblems about their necks. So I did not recognise as the Lord Provost the alert, breezy, business man who dashed into his office like a railway

magnate eager for the day's mail. While waiting in the ante-room I had learned something about the present incumbent, Sir John Ure Primrose. He is a wealthy miller, and has been in the Council for twenty years. During that time he has never had a contest for his seat. For these people keep a man in office as long as he is satisfactory. They do not care whether he is a Conservative or a Liberal. He may be a Labour candidate or a Socialist. All his constituents ask is that he be a good councilman. He must be that. There is no party nomination, no party ticket, no platform—only the man himself. There are ward committees—of a purely voluntary sort—which look after local interests. Two voters with six seconders can place any man in nomination. The candidate has no assessments to pay, no expenses to incur, no party to subscribe to, no boss to bow to, no machine to placate. In America, the politicians tell us we must have parties in order to have responsible government. The American official is made responsible to his party, which is his boss. With us the party is a fetich. The Glasgow alderman is responsible to the most exacting of masters—the people. There is the difference. But if he serves them well he may remain as long as he likes. Of the seventy-five elected members now in the Council, more than one-third have been there for at least ten years, eighteen have been in office for at least fourteen years, while four have



served their wards for over twenty years. Like a member of Parliament, the alderman need not live in the ward he represents. In fact, not more than one-third of them do. And about one-half never have any contests for their seats.

The election is as simple as the nomination. The ticket before the voter contains only the names of the councilmanic nominees. The issue is clear. It is not confused by national questions.

Here is pure democracy, the simplest that could be devised. Nominations and elections by the people directly, and so simply arranged that the issue cannot be evaded, cannot be confused. There is no boss, no machine, no party, nothing between the people and their servant. When a ward is contested, however, the campaign is as hot as if a seat in Parliament were at stake, and the candidate has to submit to a harassing "heckling" from the voters as to his position on local questions. In this art the Scotch are masters. It is a body so chosen that every three years elects from out its number its most distinguished member, the Lord Provost.

Lord Provost Sir John Ure Primrose was a product of this local democracy. He happened to be a Conservative. His predecessor, Sir Samuel Chisholm, was a distinguished Liberal. William Bilsland, who followed as mayor, is a Liberal. These men were chosen without any change in the political colour of the Council. I asked the Lord Provost

Primrose why he gave up his time and business the way he did for the city.<sup>1</sup>

"It's in the blood," he said. "I had an uncle who was Lord Provost before me. I was influenced by his example. As far back as I can remember, I was hoping to be Lord Provost. Even as a lad I conceived the ambition to follow in the footsteps of my uncle, John Ure. Even as a schoolboy I made a study of extempore speaking, keeping before me this ideal of public life. I was the oldest of a family of twelve, and necessarily went into business as a young man. At the age of thirty I entered public life, being elected to the Council of the Borough of Goven. Later I was elected to the Council of Glasgow, where I have served the city ever since."

"What was this boyish ambition?" I asked.

"It was an ambition to make the city a little better before I die."

"Wouldn't you rather be an M.P.?"

"Decidedly not. A member of Parliament is but part of a machine. The work in the Town Council is creative. A man sees his work grow before his eyes."

"Is there any connection between the public spirit of men like you and the public undertakings, such

<sup>1</sup>Sir John Ure Primrose retired in November, 1905, on the expiration of his term. He was succeeded by a Liberal, William Bilsland, who, in addition, is a leading advocate of the Taxation of Land Values, as the Single-Taxer is called in Scotland.

as the trams, gas, water, electricity, and telephones, which the city carries on for its people?" I asked.

"Decidedly. A new ardour of citizenship came in about 1894, the time when the city went in for the tramway undertaking and a lot of other things. When the city thus proved its interest in the people the people responded by showing an increased interest in the city. It's the ambition of every citizen to serve in the Council. Every interest is represented there—business, professional, and even the labouring man. We have some men of wealth who would not run for the Council. They are afraid to rub shoulders with the labouring man. In a general way, Glasgow has the civic spirit of the mediæval Italian cities, though in a less perfervid and cultured form."

"Have you any Socialists in the Council?"

"Yes; but Socialists aren't so bad. Even their dreams are honest dreams. But they are not political Socialists there, for we have no politics in the Council. The Conservative, the Liberal, the Radical, and the Socialist all work together for the city's good."

"You people have taken over the water, gas, electricity, tramways, and telephone. Is there any opposition to these undertakings in the city?"

"The gas and water were before my time. We took over the trams only after a long fight. The old private company that had a franchise gave us

wretched service, were very arrogant, while the condition of their employees was not very good. In 1894 their franchise expired, and the Council decided to take the business over. We reduced the fares, increased the length of the rides, nearly trebled the mileage, and now it yields a splendid revenue. There is nobody in the city who would think of going back to private ownership. We took over the electricity in 1902, and the telephones about the same time."

"Where is this policy going to stop?" I inquired.

"I hold that everything that is in its essence a monopoly, and is essential to the well-being of every citizen of every degree, should be owned by the community. These things are the universal necessities; they are the things people cannot live without. Then, too, they are monopolies. Every man uses water and gas; everyone rides on a tramway. These things lie at the heart and well-being of every citizen of the community. I don't believe in going too fast, however. I don't believe in three volcanoes at once. I believe in evolution—which means that each undertaking should be perfected before the next one is begun. We must keep the confidence of the citizens. The corporation must never make a mistake. The telephone is not a universal necessity. That is the reason I opposed the city going in for it. We can live without it. Besides, its destiny is national, not local."

That was all very well, I thought, but we have some good mayors in America. We have men of proved honesty, men of capacity, men of disinterested service. And in recent years we have had mayors with big ideals, men like Tom Johnson in Cleveland, like Hazen S. Pingree in Detroit, like Edward F. Dunne in Chicago, like Seth Low in New York, like Sam Jones and Brand Whitlock in Toledo. So there was nothing either startling or new about a good mayor. But our Councils are bad, almost all of them. And here the Council chooses the Lord Provost. I had to know the Council, so I went to the Council chamber.

It was a massive room like the Senate chamber at Washington; it was a chamber fitted to a city that thought well of itself. The Council had dignity, but a dignity with all the ardour of the House of Representatives. The Lord Provost sat in a throne-like chair. About him were those who had elected him and those who will elect his successor when he retires from office.

I was not alone as a visitor. The Postmaster-General of Canada, the Lord Mayor of Dublin, the Mayor of Frankfort, Germany, a delegation from Belgium, visitors from South Africa, and three or four others from America were there observing this little republic at work. For the fame of Glasgow seems as wide as the world. And the representatives of the world's cities met there in cordial fra-

ternity to learn of one another's experiments. This was the tenor of the addresses. Not war and jealousy, but friendship and hospitality.

They said it was a quiet day. The Council was passing on the accounts of the tramway, gas, police, and cleansing committees. It was their annual report to the directors and stockholders of this big corporation. The Council committees and their managers were justifying their stewardship. It would have been a bad day for a delinquent, had there been any. It was a hard-headed, blunt crowd that listened to the reports. They despatched the business of the day with a thoroughness and a knowledge of details that suggested the Supreme Court of the United States sitting in judgment. They indulged in little rhetoric and less praise. Their candour seemed almost brutal. There were shipbuilders and shipowners, big merchants and professional men. There were a dozen labour representatives. Some of them were socialists. Here I fancied I saw the beginnings of a party. It was not organised as such, but its programme was evident in all the discussions. It was Scotch thrift and humanity, the big rate-payer and the wage-earner, that lined up in a parliamentary struggle over the division of the surplus of the tramways undertaking. Should the profits go to the sinking fund, depreciation, and a big reserve, or should the rates of fare be reduced and the haul for a ha'-



penny lengthened? The former policy always won—for Glasgow is, before all else, a city of thrift, of caution, of prudence. It delights in a big profit account. No board of directors ever protected their investments more surely from disaster, or found greater delight in an increasing dividend to the stockholders. To be rid of the tramway debt seemed the consuming ambition. I have never heard more intelligent discussion of the principles that should underlie public or private business than I heard from these men, the majority of whom had struggled up from humble beginnings. Many of them were small tradesmen, bakers, butchers, hatters; but they knew finance. Hugh Alexander, the chairman of the tramways committee, led the debate. He once said in the Council that he had been educated on three books: Fox's "Book of Martyrs," Boston's "Fourfold State," and Harvey's "Meditations Among the Tombs." And he discussed the obligations of the Council to its enterprises with the same seriousness that he might have talked of predestination or free will.

Of such stuff are the directors of the corporation of Glasgow. These are her captains of municipal industry. It is such men who have sent the glory of her efficiency to the ends of the earth.

Fourteen of the seventy-seven are bailees chosen by the Council. In addition to their other duties, they sit as police court magistrates, and dispense

justice from two to four hours a day. Some are on as many as nine committees. All of them serve on five or six. Many of them are engaged on public business all day long.

Here was a Town Council without corruption—at least we would smile at such irregularities as disturb the Glaswegian; a Council which knows no party politics, and elected a Liberal to succeed a Conservative as Lord Provost without a change in its political complexion. Here, too, was a city which knows no boss but itself; which takes the merit system as a matter of course, and without any law enforcing it; a city which keeps its officials in office as long as they will stay, or as long as they serve the convictions of their constituents; a city which makes its enterprises pay, and pay big, and watches its finances as prudently as the most conservative banking house; a city in which it is the ambition of every citizen to serve without pay and without return, save in the approval of his fellows.

Here, too, is a city which knows no favour, no friendship, no politics, in the choice of its servants. “Wanted, a Town Clerk. The Corporation of Glasgow,” so the newspaper advertisement runs, “invites applications for the office of Town Clerk, which is about to become vacant. The salary will be \$10,000 a year.” Here was the most important salaried office within the gift of the Council, an

office which combines the duties of the city solicitor as well as all the clerical duties of the city, hunting for the man, much as a German city looks for a lord mayor, or an American college or church searches for a president or a minister. The corporation was offering its most influential post to the candidate from all Great Britain best qualified to fill it.

Here, too, is a city in which all citizens are united, demanding efficient service and securing it; a city in which the privileged few who own the franchise corporations in America, and the unprivileged many who are seeking a job, are united with the city rather than against it. For Glasgow offers no franchises whose values run into the millions as a tempting treasure to gamble for. There are no privileges to corrupt the Council; no big financial interests to unite the rich and influential, the press and the bar, the club and the church on one side, and leave democracy, untaught and unled, blindly to carry on the burdens of self-government. This absence of privilege frees the best talent of the city; it unites its purse with its patriotism. It is this absence of class interest that binds and fuses the whole people into one ambition—an honest city, an economical city, a serviceable city. And they get it, too. The city's properties are worth \$95,000,000, and the annual revenues from reproductive undertakings alone exceed \$15,000,000. All these enter-

prises are handled with the most scrupulous honesty. None of their earnings sticks in the hands of contractors, aldermen, or clerks on its way to the city treasury. Such a thing as official corruption is almost unknown.

A city with such a citizenship would have gotten good government under any charter. So it was not the form of government that explained it all, although the method of choosing the Council makes it very easy to secure good men. Nor is it home rule. For the British city is more dependent upon Parliament than the American city is upon the State Legislature. Parliament is most exacting in its control and supervision of the city. Special permission has to be got at Westminster to enter any industry, to build tram lines, to lay water or gas mains, to borrow for any improvement. Parliament determines the amount which must be laid aside in a sinking fund for all undertakings. Its finances and its activities are only determined by the people after Parliament has given its consent, and it took five years of unremitting effort to secure permission to run the telephones. The absence of the spoils system offers some explanation. Only it is a result, not a cause, for there is no act of Parliament making the merit system compulsory.

The explanation of Glasgow is deeper down than the form of the charter, deeper than the merit sys-

tem, deeper than the method of electing councilmen by popular nominations—important as these things are. It is deeper than the Scotch character, thrifty, prudent, and careful though it is. I fancied it *was* the Scotch character, despite conditions in Pittsburg, the most thoroughly Scotch, as it is among the worst, of American cities. So I went to Edinburgh, the most beautiful of all British cities, as it is the centre of the culture, literature, and traditions of Scotland. Here one should find the Scotchman at his best. I went to the Town Hall. The Lord Provost and the Town Clerk were away. I wanted to see the Council. It would not meet for several weeks. It seldom met oftener than once every three weeks. I looked into its enterprises. “We don’t go in for such things as Glasgow does,” said an official. “We lease our tramways to a private company. The gas and water are in the hands of a parliamentary commission. The members of our Council are too busy with their own affairs to devote much time to the city.” Glasgow, I found, was in disfavour. Its thrift and enterprise were undignified—almost vulgar in the minds of the Scotchmen of the capital city.

So I returned to Glasgow, to the man on the trams, to the business man in the club, to the tradesman in his shop. For I had come to believe that it is the people who make the official, that it is they who control the administration. We have seen that

fact in Cleveland, where the people have achieved efficient government; we have seen it in Chicago, where, if the people have not good government, they at least have aspiring administration; we have seen it in Philadelphia—which is a people in eruption.

So I went to the people and listened to their talk of Glasgow. But it was not Glasgow so much as it was the trams, the gas, the telephones, the parks, the bowling-greens, the baths, the concerts, the splendid sewage works, and the everlasting rates. It was the Alderman So-and-so, and his speech at the last Council. It was Scott Gibson and his condemnation of his fellow members for voting a few pounds out of the treasury for some dinner or other. It was a longer ride on the trams for a cent. For the man on the street knows about these things. It is this that keeps him alert. He is a good citizen because it is his city; it gives him more for his money than anyone else, and it gives him many things.

So I came to believe that the Glaswegian loves his Glasgow, as his forbears loved their Highlands, because Glasgow loves its people.

“We don’t compare our tramways with Manchester or Liverpool,” one of them said to me. “We have the best system in the United Kingdom.” I think that is true. I have ridden on most of them, and the Glasgow system seems to me the best of



them all. The service is as frequent as could be asked, and you get a seat for a fare. You get it on top of the cars if you want a smoke, and the cars go everywhere. They are cleaned and disinfected every night; they are bright as fresh paint can keep them; they have no advertisements on them; they are easy-riding, and are laid on concrete foundations with grooved rails, which offer no obstruction to other traffic. The conductors are courteous—they have to be. They have 1,000,000 critics, all watching them.

I went again to see Mr. James Dalrymple, the general manager of the street railway system. He had been recently promoted to the position from that of head bookkeeper. The chief, Mr. James Young, had resigned, and his first and second assistants had been called to other towns. The managers of the British tramways are not often engineers. They are business men, whose duties are those of administration. They are not electrical experts. Mr. Dalrymple had just returned from America, where he had gone in response to a request from Mayor Dunne of Chicago. He did not tell me his impressions of America, or express an opinion of our ability to manage municipal enterprises. He did say that he had made a study of the street railway systems in America, and had been entertained by their managers in all of the leading cities. And their opinion of municipal ownership and American

politics we all know. But Mr. Dalrymple is a Scotchman. He could not be that and not be convinced that no other people in the world can do what Glasgow has done. That's Scotch nature. They feel that way even toward England. It's human nature, too, for haven't we been sending men to Glasgow for years to learn how that city does things?

For Glasgow has made good on her tramways. A private company ran the system from 1871 to 1894. But the service was bad, and the treatment of the employees intolerable. The people protested. They tried to regulate the abuses. The company was arrogant; for what could the city do about it? Then Glasgow awoke. A campaign for municipal ownership was started. Two elections were fought over this issue. In 1892 the city decided to take over the operation. This was done two years later.

The private company predicted failure; said the city would go bankrupt. So they refused to sell the Council their cars, because they expected the system to come back to them in a short time.

The first thing the city did was to reduce the hours and increase the wages of the employees. Then free uniforms were added, along with five days' holiday each year on pay. This increased consideration for the employees now costs the department something like \$500,000 a year. The Council did not stop here. Hauls were lengthened,

and fares cut down 33 per cent. To-day, one may ride a half mile for a cent; two and one-third miles for two cents; and three and a half miles for three cents. For fares are arranged on the zone system. You pay for what you get. The main thing is, what does the average rider pay? In 1905, it was 1.89 cents, while the average fare charged per mile was nine-tenths of a cent. Of the 195,000,000 passengers carried, 30 per cent. paid but one cent., 60 per cent. but two cents, and only 10 per cent. of the total number carried paid more than the latter sum. All fares in excess of two cents might be abolished and the earnings would hardly show it.

And the cost to the city for carrying the average passenger (not including interest charges) was just under one cent in 1905. An examination of the earnings and expenses shows that the Glasgow tramways could pay all operating expenses, could maintain the system, could pay local taxes the same as a private company, and still carry passengers at a universal fare of one cent. It could do this and make money. On the basis of that year's earnings it would make about \$75,000, even if there was no increase in traffic. For the operating expenses and maintenance charge in 1905 were \$1,884,150. If the 195,767,519 passengers carried had paid one cent each, the earnings would have been \$1,957,675.

But there would be an increase in traffic. Glas-

gow proved that in 1894, when it reduced its fares by 33 per cent. In three years' time the number of passengers carried doubled; by 1905 the number had more than thribbled. This was accompanied by a great increase in the mileage of the system, as well as the electro-equipment of the lines. But all over England they say it's cheap fares and good service that make municipal dividends on the tramways. The chief complaint in Glasgow is that the tramways make too much money. The man who rides protests mildly that his fare should be still further reduced, or the length of the ride extended.

During the first eleven months after opening the system in 1894 it earned as a horse line, over and above operating expenses, the sum of \$208,525. Since that time the growth has been tremendous. The system was opened with 63 miles of track. It now has 147. The gross earnings were \$1,066,187 in 1895. In 1905 they were \$3,721,854. During the same period the number of passengers carried increased from 57,104,647 to 195,767,519. The Council is almost embarrassed to find proper means to dispose of the profits. In 1905 the system paid working expenses, put \$334,036 into maintenance and repairs, and paid \$188,731 in local taxes. There still remained \$1,837,704 as net profits. This was equivalent to a dividend of 13.78 per cent. on the total capital investment in the plant, and 21 per cent. on the present outstanding indebtedness.

That is why the man on the tram complains. He says the Council is not only making him pay for his ride, but also pay for the plant, by charging twice as much as it costs to carry him. He thinks it unfair to compel this generation to make a present of the enterprise free from debt to the next one. He points to the fact that the system is worth \$14,965,305. In eleven years' time the debt has been reduced to \$8,835,939, while \$762,873 additional has been paid into the "Common Good," as well as a like sum in taxes. At this rate, the plant will be free from indebtedness in less than ten years' time.

The Council replies by saying: "Look at your fares. They have been cut down one-third. Those who travel are better off by \$1,000,000 a year than they would have been under private management. In eleven years' time the savings alone to the passengers exceed the total bonded debt now against the system." The enterprise has already paid for itself out of earnings and savings. It looks as though it had not only paid for itself, but earned about a million dollars besides. It has also repaid the cost of the old horse lines, as well as a splendid manufacturing plant where all the cars and equipment are built by the city by direct labour.

Such, at least, are the figures which "The Glasgow Corporation Tramways" publish to the world.



I asked Mr. Dalrymple about the effect of municipal ownership on the people. He said:

“The opening of the trams in 1894 was coincident with, many people would say it was the cause of, the renaissance of civic enthusiasm that has characterised the last ten years of the life of the city. Undoubtedly the more things the city does for the people, the more the people are interested in the city. Municipal ownership fosters interest in municipal affairs.”

The man on the trams is evidently right. He owns the trams; therefore he is interested in them. He owns the gas, the water, the electricity supply, and the telephones. Therefore he watches them. He loves Glasgow just as does the Lord Provost, the hard-headed alderman, the man in the club, the caretaker of the city's sewage works. The city is his parent. It cares for him. And it is worth working for. It is so big in its ideals, so big in its achievements, so big in its kindness and goodness.

The Glaswegian still grumbles a little in his pride. Probably he will always grumble. That is one of the things government means to him. He got his trams, his telephones, his parks, his concerts, by grumbling. But his present trouble is a bigger one. He says: “We extended our tram lines far out into the suburbs; we had so many poor, such terrible slums, so much sickness, vice, and misery. We wanted to give our people a chance, wanted



to get them out of the tenements and into the country, where land was cheap. We reduced our fares. In consequence, earnings fell off. Instead of making land cheap for the poor, we made it valuable for the landlords. We cut down commuters' fares a pound a year, and rentals went up exactly one pound a year. We sought to secure cheap homes for our people, but the land speculator appropriated the whole thing."

Then he did what he always does—this Glaswegian. He worried the Council, and the Council in turn went to Parliament. The Council said: "We have created immense fortunes for the land owners about the city. But not content with what he has already got, the landlord wants more, and sits idly by until the people must have his land at any price." The Council introduced a bill in Parliament to tax these land values and retake to itself a portion of the millions which its enterprise had created, and which it is now fined for using. It did more. It laid aside \$15,000 to promote the bill. Tons of literature were distributed, and the city's officials were turned into agents for propaganda work. When Glasgow wants a thing it wants it hard. Then the Council called a conference of cities on "The Taxation of Land Values." More than five hundred local authorities responded. Then they all moved on Parliament and proceeded to worry the members. Of course, Parliament wouldn't listen.

For the members of Parliament own Great Britain. They are getting rich out of the growth of the towns. And they have paid no taxes on their land as land for several centuries at least. This is a fact—English land has not been reappraised for taxation since the seventeenth century.

In its attitude toward Parliament, Glasgow reminds one of a terrier barking at the heels of a mastiff. I fancy Parliament must hate this heckling, thrifty municipality that is forever making war on the abuses and privileges which everywhere exist in England, and which are so profitable. For the members of Parliament not only own the land, they own the big city franchises, just as the United States Senate owns or represents the big railroads. And it must be annoying, this nagging against monopoly. They say in England if the Glasgow man doesn't go to heaven when he dies he will make it very uncomfortable for the devil. But that's the way he got his municipal telephone system. For five long years the city spent money and energy trying to induce Parliament to permit it to open an exchange in competition with the private company which was giving bad service and charging high rates. It finally got permission in 1901. By 1905 the system had twelve thousand subscribers and covered 143 square miles. An unlimited telephone service cost \$25.55 a year, and a limited one only \$17.03. The population served is about a million.

Then the private company reduced charges. But despite the cheapening of rates, the exchange made money, even in the face of the competition of the old-established company.

The telephone was the last big enterprise taken over. The city has had the water supply since 1855. It bought out two private companies. Then it went to Loch Katrine, 34 miles away, in the heart of the Highlands, to get a supply. Glasgow spent millions for pure water, and now has one of the finest supplies in the world. It makes money, too, though the rates for domestic use are but ten cents in the pound for rental. This means that for every \$100 of house rental paid, an additional charge of \$2 is made for water service.

The gas supply is also owned by the city. It was bought from private parties in 1869. It is run for the benefit of the people and not for the sake of dividends. Gas is sold at 51 cents a thousand feet for domestic use; for power purposes the price is but 43 cents. The very poor are encouraged to use gas by penny-in-the-slot devices, by which one can get enough gas with which to cook a meal for two cents. The city encourages industry by low prices. This diminishes the smoke nuisance. Despite the reduction in price, the net profits in 1905 amounted to \$271,930.

The price of gas has been reduced from year to year. It was 78 cents in 1885, 60 cents in 1895.

To-day it ranges from 43 to 51 cents. The financial showing is almost as remarkable as the tramways. While the capital expenditure is \$18,319,170, the present actual indebtedness is but \$9,340,200. The surplus of capital expenditure, above the debt against the undertaking, is \$8,978,970. This is what the city has made through owning the plant, in addition to the millions saved by cheaper gas.

The electricity supply has been owned since 1892. The city bought out a private monopoly for \$75,000. Then it proceeded to make the plant useful. For that is the policy of Glasgow, to make itself useful to its people. It proceeded to enlarge the system, to extend the conduits all over the city. It has since spent about \$6,000,000 on the undertaking. Now it can serve everybody, and serving everybody, can reduce charges. It also sells power to the tramway department and manufacturing plants. For Glasgow tries to encourage industry just as it aims to promote comfort and convenience. For very small consumers, the rates for lighting are 12 cents per kilowatt hour and 2 cents for all current in excess of a small minimum. For power and heating purposes, the charge is from 1½ cents to 3 cents, according to the quantity used. The average price received from all consumers is 5.09 cents.

Glasgow says it would be just as absurd for the owner of a skyscraper to permit a private elevator company to collect fares from his tenants, or for an

outside plumber to own the fixtures and collect for light and heat, as it is for a city to turn over its streets to private tramways, gas, and electric lighting companies. Glasgow prefers to do its own plumbing and run its own elevators.

These are the big things Glasgow does. They are the spectacular exhibits. But it does other things. A mere enumeration of its enterprises makes a long catalogue. It runs several farms upon which it uses the street refuse as fertiliser. It has brought them to a high state of fertility, and produces provisions for its departments. Even from this source it has a net income of \$3,000 a year. It has a wonderful system of sewage disposal, which is nearing completion. The River Clyde has always been a foul-smelling stream, but the city is expending millions to purify it through the destruction of its sewage and the use of the sludge as fertiliser. The city fire department has a big workshop at the central station where it builds all of its own apparatus, just as the tramway department erects its own cars. Glasgow seems bent on being rid of the private contractor. The alderman smiles when charged with socialism, and says it is good business for the city to erect its own cars, to make its own fire apparatus, and employ its own men. And now the Council is after the big contractors who build and sewer the streets. It recently asked for tenders for the construction of a sewer. The lowest bid received was



\$600,000. The city suspected a combine, and proceeded to build the sewer itself, at a cost of only \$375,000. Now it receives estimates from its own engineer on all jobs, and is rapidly becoming its own contractor. It pockets the profits which formerly went to the middleman, just as it pockets the dividends which formerly went to the tramway company. The city does much of its work by direct labour. Over this policy there is some difference of opinion, but those who advocate it insist that it is more economical and more efficient than contract work.

Thus Glasgow looks after her people. She is as frugal as a Scotch parent. I fancy the parable of the talents rather than that of the prodigal son finds most favour in the Scotch soul. There is no waste here. In her thriftiness, Glasgow takes profit from her people. Possibly they love her the better for her thrift. But it looks like usury to the outsider, her enterprises earn so much. In 1905 the gross profits of her five big undertakings were as follows: Tramways, \$1,852,855; gas, \$718,154; electricity, \$543,952; water, \$763,904; telephones, \$100,961. The total profits were \$3,979,826. Of this, however, \$1,398,880 was paid for interest on the investment. But a snug little sum of \$2,580,946 still remained in excess of what it cost the city to pay all charges against these enterprises.<sup>1</sup>

<sup>1</sup>Bulletin Bureau of Labour, January, 1906.



FINANCIAL RESULTS OF THE OPERATION OF THE  
TRAMWAYS, GAS, ELECTRICITY, WATER, AND  
TELEPHONE UNDERTAKINGS OF GLASGOW  
FOR THE YEAR ENDING MAY 31, 1905.

Industry.	Gross receipts.	Operating expenses.	Net receipts.	Interest payment.	Net profit.
Tramways.	\$3,737,005	\$1,884,150	\$1,852,855	\$242,868	\$1,609,987
Gas.....	3,894,061	3,175,907	718,154	446,224	271,930
Electricity.	906,978	363,026	543,952	185,815	358,137
Water.....	1,212,999	449,095	763,904	479,258	284,646
Telephones.	269,733	168,772	100,961	44,715	56,246
Total...	\$10,020,776	\$6,040,950	\$3,979,826	\$1,398,880	\$2,580,946

But the Council does not use these earnings to relieve the taxpayer, as is frequently asserted. Not a penny of it goes to such a purpose. It is all returned to the undertaking—used to pay bonds, improve the system, and reduce the cost to the consumer.<sup>1</sup>

<sup>1</sup>It is not infrequently asserted that the city of Glasgow derives so large a revenue from the various industries managed by it that local taxes have been completely abandoned. As a matter of fact, Glasgow derives no such aid from these sources at all, although the contributions made to the Common Good fund are very substantial. This fund is a sort of common reservoir, into which the Town Council places any unnecessary earnings, to be used as the Council may determine, but usually for some permanent improvement. All of the ordinary expenditures of the city are paid from the rates, or from aids granted by the Imperial Government. These aids are paid to the local authorities of all Great Britain, and amount to a total of about seventy-five million dollars a year.

As an indication of the expenditures of a British city, and for the purpose of making comparison with our own, the following table is presented. It was prepared through the kindness of Mr. John Bowers, the Town Clerk. It indicates the sums raised from taxation, as well as those received from the Government for Municipal, School Board, and Poor Relief purposes, as well as the amount per head for each of these purposes. In a general way, the most striking thing about

The same thrift characterises little things. For Glasgow neglects nothing. Her motto is "Let Glasgow flourish." Interpreted by the aldermen, this means municipal dividends. The city makes money on its slum-clearance schemes, upon which model dwellings have been erected, and which are now

the exhibit is the surprisingly large amount collected for poor relief and the relatively small sum raised for school purposes. The population of Glasgow is approximately 800,000.

**EXPENDITURES OF THE CITY OF GLASGOW,  
YEAR 1904-1905.**

Statement showing the sum raised by assessment for Municipal, School Board, and Poor Relief purposes, the relative Government Grants, and the amount expended per head of population which each of these represents, together with the corresponding totals for the three purposes combined :

	Amount	Per head of Population.			
Municipal Purposes:		£	s.	d.	
Rates ..... ( £945,189)	\$4,536,907	(1	4	0.80)	\$5.98
Gov't Grants..... ( 85,804)	411,859	(0	2	2.22)	.53
	( £1,030,993)	(1	6	3.02)	\$6.51
School Board Purposes:		£	s.	d.	
Rates ..... ( £224,270)	\$1,076,496	(0	5	8.53)	\$1.37
Gov't Grants..... ( 195,897)	940,305	(0	4	11.85)	1.19
	( £420,167)	(0	10	8.38)	\$2.56
Poor Relief Purposes:		£	s.	d.	
Rates ..... ( £269,743)	\$1,294,486	(0	6	10.42)	\$1.65
Gov't Grants..... ( 33,917)	162,893	(0	0	10.37)	.20
	( £303,660)	(0	7	8.79)	\$1.85
Aggregate:		£	s.	d.	
Rates ..... ( £1,439,202)	\$6,907,889	(1	16	7.75)	\$9.01
Gov't Grants..... ( 315,618)	1,514,967	(0	8	0.44)	1.92
	( £1,754,820)	(2	4	8.19)	\$10.93

paying their way in rentals at a rate which in time will leave them free from debt. Glasgow undertook this project back in 1866. It cost a lot of money, but it checked disease and brought down the death-rate. The undertaking showed a deficit for a number of years, but is now justifying itself financially as well as otherwise.

But Glasgow has few deficits. A Council committee hates a shortage in an undertaking just as a proud banker suffers from a bad loan. Some years ago the city conceived the idea of Saturday afternoon concerts in the public halls. At first they were of a rather frivolous sort. They now offer the best of entertainments, and during the winter months fine oratorios and splendid choral work is presented to weekly audiences of 30,000 people. The admission fee is but two cents, but even this pays. Not much, it is true, for profit is not the object; but the joy of it all is heightened by the fact that it pays its way. Even the sewage collected at the sewage disposal works realises a handsome sum, when sold as a fertiliser, as does the cleansing department, which has the care of the streets.

The city scorns not the pennies of the labouring man who halts in the evening for a game of bowls on the municipal greens. It gathers in the coppers from the millions who frequent the twelve public bath-houses which have been erected in various parts of the city, as well as the pennies of the poor

who make use of the public laundries which are connected with them. We are going in for such things all over America, but I doubt if any of our cities even attempt to make them pay.

But it is not unlovely—this thrift. It is probably the height of wisdom. A people values that which costs them effort. They value the lodging-houses provided for men and women alike, where a bed can be had for a few cents. They value the widower's home, where the working man with children can leave his infants under proper care. And they value all the more the baths, the concerts, the game of bowls on the green, because they have paid their full worth, and paid it to themselves. And during the long winter months the Council invites the people to lectures in its own halls, of which there are thirteen, where it tells them all about these things. These lectures are free to all, and the chairmen of the committees and the managers of the undertakings go all over the city discussing such subjects as "The Health of the Community," "The Corporation Tramways," "The Glasgow Police Force," and "The Public Parks." No wonder the man on the trams was wise—wiser even than the average American alderman. He had been taken into the confidence of his city. It is this reciprocal relationship that accounts for Glasgow's fine citizenship. The city cares for the people, and the people in turn are jealous for the city. There is a fine fraternal

sense even though the debit account is so scrupulously watched.

But Glasgow has its benevolences. It provides generously for public concerts in the parks; it has acquired some fine halls for public use; it has a splendid municipal art collection, housed in a fine gallery. Its parks and playgrounds are extensive. They are beautifully maintained, and are open to the widest use. Its public library is comparable to those of many cities in America.

The city has its little extravagances, too. They are part of the show. For the British city delights in the spectacular. That is one of the things the Lord Mayor is for—to be the city's host, and foot its entertainment bills. It seems like an anti-climax to a long and distinguished aldermanic career to be offered the privilege of expending from five to twenty thousand dollars a year for the maintenance of the city's dignity and the entertainment of its guests. Yet this is a privilege to which the best of Britain's business men aspire. And Glasgow has many little flings at the expense of the treasury. The aldermen go on trips to England and the Continent in the study of other cities. Every fortnight or so one of the departments has an inspection, which is its annual show. This is followed by a luncheon at the Town Hall. A hundred or more of the city's officials, with their guests, sit down to

a dinner in the Council Chamber, and hear about the committee's achievements.

I attended one of these inspections. We drove over the city and returned to the Town Hall to luncheon. There was all the orderliness of a state dinner; the rank and station of each man was assigned. There were speeches, vastly more interesting than those of an ordinary dinner, for they all talked Glasgow. Not as an American city might talk to a river and harbor committee from Congress from whom it hoped for a generous appropriation; it was not business, tonnage, bank clearances. These men were too big with Glasgow to talk about private business. It was rather the sort of thing that college men do at a fraternity banquet.

The motive of it all? "Men like to be in the midst of big things. They like to serve the community that serves them," said Dr. Robert Crawford, one of the city's most distinguished citizens, a man who had served with distinction on the Council, and had promoted its big health and clearance schemes.

"It's a sense of *noblesse oblige*," said Lord Provost Primrose, "an ambition to make the city a cleaner, healthier, happier, more comfortable place in which to live."

"It's my city," says the man on the tram.



## CHAPTER XIV

### LONDON: A MUNICIPAL DEMOCRACY

LONDON is not a city. It is a score of cities. Everybody speaks of it as a city, but nobody really thinks of it as one. Men think only of what London means to them. It means Mayfair, Belgravia, Westminster, the City about the Bank, or Whitechapel. London is a place—a place where the world-wide empire of Great Britain and, in a sense, all mankind, converge. It is a place, too, where all the world comes. Men live in closer association here than anywhere else in the world. But still London is not a city. It is not a city in the eyes of the law. It is a county. And its governing body is called a County Council.

I do not pretend to know how this area of one hundred and eighteen square miles called London is governed. I suppose there are some men who do know, but they must be very few. A man of ordinary intelligence can comprehend the charter of an American city in a few hours' time at most; but to understand the government of London is to understand the history of London and the acts of Parliament for centuries at least. The munici-

pal code of an American city seldom exceeds a few printed pages. The model code proposed by the National Municipal League for adoption by the legislatures of the States contains in all but twenty-five printed pages. The charter of London, however, with all of its political agencies, would fill a large volume, and the laws are all so interrelated and builded upon the past, that no one, save an antiquary, ever could know all about them. For London never has had a definitely co-ordinated system of government struck off at one sitting of Parliament. At no time has Parliament been willing to take up the administration of the metropolis in the way the Legislature of New York did that of Manhattan Island when it adopted her recent charter. The British mind hates any violent departure from the past. It fears to begin anew. It has an instinctive terror of any big change. If all the laws from the time of the first political organisation of the Dutch in the seventeenth century, down to the last act of the Albany Legislature, were preserved as the charter of New York, we should have some idea of the governmental machinery of the metropolis of the United Kingdom.

This is why few people really know how London is governed; what are the powers of the various political bodies; just where Parliament and the County Council begin and the boroughs, boards, commissions, and Poor Law agencies end.

A real attempt was made to evolve order out of chaos in 1888, when the London County Council was formed. But Parliament halted before it had gone very far. It took fright at the idea of creating a little democracy in the heart of the Empire. And it had been better for Parliament had it left things as they were. For the London County Council has been the terror of the age-long privileges of the landlords and franchise owners of the metropolis ever since it came into existence. Parliament made still further concessions to necessity in 1899, when it swept away a multitude of parishes, and created twenty-seven metropolitan boroughs, with Councils and mayors, like any other city. These little cities within the metropolis administer the public health acts; they have supervision of the highways, assess and collect the local rates, and have power to deal with the housing and other local questions. But it is the County Council which is the most important political agency in the metropolis. Its powers were not very extensive at first. Even now they seem insignificant in comparison with those of our own cities. As a matter of fact, all of the Councils, boards, and other local agencies, are so cramped, cabined, and confined by Parliament that their combined powers do not equal those of the average American city, limited as it is in its powers.

The County Council has control of the main sewers and drainage; the protection of the community

from fires; the building and maintenance of bridges and ferries; the control of the means of transit on the streets; the street improvements and lighting; asylums; housing; parks and open spaces. It administers the building laws, removes refuse, regulates nuisances and infectious diseases. It inspects dairies, factories, workshops, and unsanitary houses. It licenses slaughter-houses, and offensive businesses. It maintains reformatories and industrial schools. It has considerable power in matters of the public health and the supervision of the metropolitan boroughs in the administration of their functions. It has large control over education, and serves as the Education Board of the metropolis, and enjoys many lesser powers. It is the County Council that is making of London a city.

The Council commands the best talent in the kingdom, and it is one of the most democratic bodies in the world. It is, in fact, a city republic, and as its industrial powers are increased it is likely to become one of the greatest agencies of radicalism in the civilised world. The Council came into existence through the inefficiency, if not the corruption, of the old Metropolitan Board of Works, which had been created in 1855 to satisfy the necessity of some central body for all of London. For up to that time the metropolitan area was governed by over three hundred parochial boards composed of about

10,000 members. These boards were ancient church parishes, governed by hundreds of private and special acts which were unknown and inaccessible to anyone save the officials themselves. The methods of election to office varied from one street to another. Even the powers were not the same. The members of these bodies were elected at a town meeting, usually so held that only those persons interested in the election could be present. There was no secret balloting—only a showing of hands. Up to 1855 London was really governed by political inertia. It was much as though Greater New York had no other authority than hundreds of ward or precinct meetings, at which only those were present who were candidates for office. We can imagine the result of such a condition. It was not until 1899 that these vestries or parishes were abolished and twenty-seven Borough Councils were erected in their stead. These now exist alongside of the County Council, and maintain a very vigorous life.

In addition to the County Council and the Borough Councils there remains the City of London proper. It is a political anachronism, an historical survival. It is a mediæval city with a royal charter. Parliament has carefully respected its ancient privileges. It is a tremendously rich corporation. It owns lands and plate and other forms of wealth. It has a population of 26,923 by night, and hundreds of thousands by day. It is the most unique municipi-

pality in the world. Its Lord Mayor is a petty king; he lives in the Mansion House, just opposite the Bank of England. The city has power to remake its own constitution. It is known as "The Mayor and Commonalty and Citizens of the City of London." There are twenty-five aldermen and 206 common councilmen. The latter are elected by the rate-payers of the city.

The corporation spends much money in feasting, in extravagant display, and in charity, but remains the most reactionary influence in all London. It is as though the region about Wall Street were a separate corporation, distinct from Greater New York, and governed by the banks, insurance companies, the brokers, and big business interests of the metropolis. The City of Westminster is also a city within the corporate limits of the County Council. It lies about the Houses of Parliament and Trafalgar Square, and is only less ancient than the City of London proper.

But the chaos of municipal administration does not end with these agencies. The police department is administered by Parliament directly through the Home Office. The water supply of London is in the hands of the London Water Board of sixty-six members, while the docks on the river and the Poor Law schools are administered by the Thames Conservancy Board and the Lea Conservancy Board. In addition to these are the thirty-one Boards of Guar-



dians who have control of the Poor Law administration. There is also the Metropolitan Asylum Board, which has charge of charity administration.

All these agencies are more or less at war. Their functions conflict and overlap so that a united policy such as is possible in Berlin, Paris, or New York, is out of the question. All these agencies combined expend about \$75,000,000 a year. This seems a pretty large sum for a city. It is larger than many a national budget. Greater New York expends \$108,000,000 each year. But the comparison is of little value, for the cities do very different things.

It is the London County Council that inspires the affection of the Londoner. There are some men who are beginning to love London. Not as Lamb, Johnson, and Goldsmith loved London, not as the world which gathers there loves it, but as the burghers of the free cities of old Germany, or the people of Florence, in the days of her greatness, loved their cities. For the London County Council is beginning to care for its people just as the old boards and the vestries cared for the privileged interests. And that is really the test of a city. What does it do for its people? For there is something reciprocal about politics, especially city politics. Here in America we are beginning to see that a city which does little for the citizen gets little from the citizen. The fraternal sense is very

much wider than a secret society. It is universal, and good government is in direct relation to its existence.

Since its creation in 1888 the Council has been engaged in one long fight with privilege, with the privilege of the landlords, of the water, gas, electricity and transportation corporations, with the old school boards, the contractors, and all the reactionary influences that had enjoyed centuries of undisturbed control of London. They were not unlike the big business interests in control of the American city. They looked upon the government as their government, as an agency to watch over and protect their privileges. That government was a thing for the people to use, or that it had any business meddling with their abuses, was as foreign to their thought as are the demands of the peasants to the traditions of the grand dukes of Russia.

But the County Council thought otherwise. It came up from the people, and it felt their needs and responded to their pulse-beats. It is a big body, is the Council. It contains 118 men. Two councilmen are elected from each parliamentary district, with four from the City of London proper. In addition to this, there are nineteen aldermen, distinguished citizens, elected by the Council itself. The aldermen serve for six years, the members of the Council for three years. There is no lord mayor, not even a titular mayor. The Council elects

a chairman, who may be a peer, as was Lord Rosebery, or a business man who has fought his way up to eminence through his service on the Council. All business is transacted through committees, which are the executive heads of the city.

The Council knows no politics—at least its politics bears no national names. But there is plenty of politics in every election, and the party names are those of Moderates and Progressives. The former party is conservative, and tenacious of the past; the latter is radical, and looks to the future. As a matter of fact, the line of division is one that we know in America. It is an economic one. The Moderates are identified with the landlords, the franchise owners, and big business interests. They are Tories, in fact, while the Progressives are Liberals, or more often Radicals or Socialists. The Progressives have enjoyed almost uninterrupted control of the Council since its organisation. It is they who have made a democracy of London. For this is the ideal toward which its members are working. And men like John Burns, who has been with the Council from its beginning; like Sidney Webb, the leading English Socialist; like Sir Frederic Harrison, are conscious of the terrible cost of modern civilisation, and see in the city a means for its correction.

It is about the big social questions that the contests of the Council centre. There has come over

the Englishmen of the younger generation an enthusiasm for ideals that is strangely absent in Parliament. And members of the bar, members of the profession of medicine, retired gentlemen, and peers of the realm, have entered the hustings along with labouring men and Socialists over questions that are very disturbing to the old school of Englishmen. The council election, in 1904, was a signal victory for the Progressives, the Radicals, and the municipal Socialists. Their programme included the clearing away of disease-breeding slums and the erection of fine model dwellings owned by the Council and rented to the occupants at a reasonable charge. This is the Council's housing policy. It includes the ownership and operation of the tramways and their extension into a splendid system, as well as a new municipal steamboat service on the Thames. This is its transportation programme. The taxation of land values is the next step in the Council's policy. The improvement of the port of London, the municipalisation of the water supply, the widening of many thoroughfares, the completion of a main drainage scheme, the opening up of small parks and open spaces, the promotion of temperance and of education, the betterment of the condition of municipal employees, and the development of the Works Department, for the doing of all public work without the intervention of the contractor, are some of the other things the Council

is doing. It is upon these issues that the rate-payers of London divide at an election. And when it is considered that the laws are so adjusted that local taxes are paid by the tenant, and, in consequence, that those who vote are conscious of their burdens, it is a significant evidence of the changing social order that the Radicals have been able to remain in power for so long.<sup>1</sup>

<sup>1</sup>In the triennial election of March, 1907, the Progressives were badly defeated, after eighteen years of nearly uninterrupted control of the Council. The result was not surprising, for the new Education Act of 1903 had thrown the school administration upon the Council. It involved a heavy increase in the rates, for prior to that time the educational budget had not been heavy and had been borne by other authorities. But while the average rates of the County Council for the previous fifteen years had been but 14.2 pence in the pound, they were increased by the necessities of education to 34.76 pence in the pound. This was a burden which no party could carry, no matter how honest and efficient its administration might have been. For under the British system of levying the rates upon the tenant only and of exempting land as such from direct taxation, the tax rate becomes the topic of absorbing interest in any campaign. The Moderates made use of this increase to discredit their adversaries and ascribed it to municipal socialism. Some of it was due to housing, health, parking, and similar schemes, and a deficit of \$260,000 a year existed from the Thames Steamboat service. But this had been true of all previous Councils. Almost all of the increase since 1903 was due to the Education Act and not to the trading enterprises, for the County Council owns no undertakings save the trams and the steamboats. The water supply is in the hands of the Water Board and such electric lighting plants as are not in private hands are owned by the borough councils. This election demonstrates how the system of local taxation controls the politics and the policies of the British cities. It indicates the ultimate brake which Parliament has upon democracy. It is by no means a reaction against municipal ownership, as the American press has contended.



In the beginning the people treated the County Council as an experiment. They timidly read the account of its sessions in the obscure little building where the Council meets, on Spring Garden Street. For London had never thought of itself as a city. It doesn't think so yet. It takes some time for a people to forget its past. And the three hundred parishes, with their anarchy of administration, are the only memories that London has of municipal administration. And it was very revolutionary to have a big, busy, meddling Council upsetting things and expressing its opinion about Parliament. To add to it all, John Burns had been elected to the Council from Battersea. John Burns, the leader of the dockers' strike, John Burns the Socialist, who had been in jail for inciting to riot, and who had been heralded in the papers as marching on London with sixty thousand hungry men but a few years before! Men wondered what the world was coming to. Was nothing sacred? For England had always looked upon politics as the exclusive business of gentlemen. I met John Burns in those days when the Council was still an experiment. That was in the early nineties. He talked about his dreams—the dream of the London that was to be. I tramped over Battersea with him, where he lives. Battersea is a part of London, and has long been a working man's parish, for the wage-earners are in control of its Council. Burns talked



of his contests, contests with the big interests above and the labour unions who had elected him, and paid him such a salary as he received for serving them. His neighbours in Battersea and the Socialists were disappointed; disappointed because he did not electrify Parliament and the Council with his turgid eloquence of their wrongs. But they continued to believe in him, continued to elect him to the Council and to Parliament. And in later years England came to believe in this "intellectual combination of a terrier and a bulldog," as Burns has been termed, just as London has come to believe in its Council, and the radical things the Council is doing and has done in the last twenty years. For the dreams which its early members dreamt are being realised. They were democratic dreams in the interest of all the people. They justify the belief in our own municipal institutions and give assurance that the city is to be the chief agency in the movement for better conditions of life that seem to be agitating the whole world. For during the last score of years London has found itself. The centuries long chaos of vestry government is a thing of the past.

The County Council found the people of the metropolis badly housed. It has undertaken a comprehensive housing policy. It cleared slum areas and erected model dwellings which now house or will house 100,000 people. It opened up the parks

to the widest use and offered to its people recreation spots in the form of small parks. It found the city in the hands of the private contractors. They combined against the community on all work, and gave such service as suited their convenience. It found its employees underpaid and overworked. It elevated their condition by fixing a standard fair wage to be paid. It began to do its own work without the contractor. This policy of fair wage and direct employment has since been extended to almost all the cities in the kingdom. The Council pays the trade union rate of wages. It has shortened the hours of labour. But it is through the direct employment of labour that the greatest gain has been made. In order to carry out this policy a Works Department was organised. An immense workshop was opened, where all sorts of city work is performed. The city now has from 3,000 to 4,000 skilled workmen on its pay-roll. It builds sewers, erects its own model dwellings, fire engine houses, and police stations. The Council itself bids upon all work, and if its proposal is the lowest it secures the job, as would any other contractor. During six months in 1905 it completed work to the value of nearly \$2,000,000. It carried through the clearance scheme by which the magnificent new street improvement known as King's Way was completed. I visited the immense workshop of the department. It lies along the Thames, just opposite the Houses

of Parliament. It was like any other factory in its equipment. But it seemed strange that a city should own such an enterprise, that it should do the thousands of jobs that are usually done by contractors. From this factory there were no dividends to be made. No scamping of work for the sake of big profits. No labour strikes or industrial wars. For the city looks after its workmen in a sincere way. The only motive is efficient work, at as low a cost as possible. For the manager always has before his eyes the Committee of the Council to whom he must account. There is no loafing in these shops, no needless employees, no gangs about the outer offices looking for a job. And the men seemed to value their positions. Possibly the feeling that they were working for the public may have added a new dignity to their labour and given a new and unknown stimulus to their interest. Whatever the cause, the Works Department has justified itself. Its cost sheets are as low as the private contractors', and the work done is very much better. It is no longer an experiment, although the reactionary influences constantly challenge it as socialism.<sup>1</sup>

The Council has also adopted standing rules to

<sup>1</sup>About the Works Department and its cost to the rate-payers the most persistent controversy has waged. The Moderates challenge its figures and results, and allege that the Progressives, who control the committee, have falsified the accounts in order to make a favorable showing for the department. The committee's report, however, shows it to have made a substantial saving in costs.

be observed by all contractors dealing with the city. They are compelled to pay the trade union wage; to work their men according to schedule hours, and otherwise observe a decent standard of living for their employees. As John Burns, who, more than anyone else, is responsible for this policy, tersely said: "It is unworthy of a city to pay starvation wages. If it is not a model employer, who then can be expected to be? If it buys sweatshop-made goods, the city becomes a partner, not a protector, of the millions of poor of to-day, who are being driven to vice, crime, and the workhouse by starvation wages."

The Council believes that some impression can be made upon the poverty of London; that it can lift the tens of thousands of men who are directly or indirectly serving the city to a standard of decent existence.

These are some of the achievements of radicalism. The Council has further sought to promote better conditions of living through the ownership of the means of transit. Not much has been done as yet, for London is still content with its 'buses, while the "tuppenny tube," or underground subway system, is chartered by Parliament, and is in the hands of a private company. But a beginning has been made by the County Council. It secured powers from Parliament to own and operate the street railways which were then in private hands. It has

since developed a comprehensive system. To the south of the Thames forty-six miles of track have been laid which converge on the river about the heart of the city. Forty-eight miles are also owned to the north of the Thames. These two systems are to be united through a subway which has been built under the new King's Way, which runs from Southampton Row to the Strand. When the Council took over the tramways it immediately reduced fares. The average fare now paid per passenger is but 1.86 cents. It is claimed that a saving of half a million dollars per annum has been made to the riders through this reduction. To-day, 37 per cent. of the passengers are carried at one-cent fare, while 48 per cent. more pay but two cents. The system is splendidly constructed, and earns a considerable sum of money for the relief of the rate-payers. But the main purpose is convenience, better service, clean and more attractive cars, and such relief as can be offered the poor through cheap transit.

The Council also found the railway employees underpaid. It added nearly \$200,000 a year to their income. Wages were increased, the hours of labour were shortened, and free uniforms were supplied to the motormen. I tramped over the system with John Burns. He was conversant with every detail of the enterprise. And he saw the deeper significance of municipal ownership, a significance which

Glasgow seems to teach, and which is the paramount motive for taking the franchise corporation out of private hands. "Municipal ownership," he said, "is mainly responsible for the civic renaissance that is so marked a feature of English local government in the last ten or fifteen years. There is one way to kill graft, and that is to absorb within the sphere of municipal ownership these public franchises that are a fruitful source of jobbery and robbery. Just so long as public franchises are granted to private monopolists, the temptation to graft will always exist. There is no incentive to making money out of a franchise when the public itself owns the public utility. Municipalise monopoly, and grafting ceases, because grafting comes in when monopolist 'A' says to politician 'B,' 'You fool the city to sell what it can better operate itself, and you will have a share of the swag.' "

The Council has also inaugurated a municipal steamboat line on the Thames. It put on a splendid service, and runs the boats in connection with the tramways. The system does not pay in dividends; as a matter of fact it does not pay its cost; but it renders a public service. It forced Parliament to municipalise the water supply, and within recent years fourteen of the newly created Borough Councils have taken over the electricity supply. The Council is agitating for a municipal milk supply,



for public bakeries, for municipal employment agencies, and the serving of free lunches to school-children. It is working to reduce the price of gas in the metropolis. It protects its poor from short weights in the purchase of coal and other commodities. The extent to which inspection is carried on by officials of the boroughs and County Council is amazing. They remove refuse and garbage, abate nuisances, watch over the public health in a multitude of ways; prevent food adulteration, inspect and register dairies, inspect factories and workshops, prevent the employment of minors under eighteen years of age for more than seventy-four hours a week. The County Council has power to prevent overcrowding and unsanitary dwelling conditions, to license slaughter houses and offensive businesses. Its powers for the protection of health are very ample.

We are inclined to look upon these achievements of the English city as easily obtained. But, in fact, the struggle for self-government in England has been harder than our own. The London County Council has had to make its way against the obstruction of privilege at every turn. For years it has sought permission from Parliament to link up its tramway systems through the use of the Thames bridges and Embankment, but the House of Lords always interposed a veto. Distrustful of democracy, the House of Lords is even more fearful of its

own privileges and its outlook from the Terraces of the Houses of Parliament.

The same reactionary interests prevented the municipalisation of the water supply up to 1905. Prior to that time it was in the hands of eight private water companies. Despite the fact that portions of the city were inadequately supplied, Parliament, jealous of its own interests, prevented every effort at municipalisation. And when the system was finally taken over, Parliament declined to trust the County Council, but created in its stead a Water Board of sixty-six members, nominated by various local authorities, and only indirectly responsible to the people. And when the Water Board came to purchase the companies, they were not permitted to acquire them at their physical value, but were forced to pay an immense award covering the capitalised value of the earnings of the plants. While the eight companies were estimated to be worth in the neighbourhood of \$120,000,000, Parliament imposed upon the community a method of valuation which involved a payment of \$187,372,610, which sum was still \$58,000,000 less than the companies claimed.

The English cities enjoy less home rule than do the cities of America. They have to go to Parliament for every little thing. And Parliament is very cautious in the things it permits the city to do. This is particularly true of London. For the

things the County Council wants to do hurt the big interests in control of Parliament. A great part of the 118 square miles upon which the city is built is owned by the Dukes of Westminster, of Bedford, of Portland, and other parliamentary landlords. They will not sell their lands, but let them out on lease. And the tenant has to make the repairs, maintain the property, and pay all the taxes, too. Worst of all, when the lease expires the landlord takes all of the improvements without paying for them. And the many activities of the County Council are likely to injure these landed gentlemen in some way or other. For they own the slums and the death-breeding tenements. The Council wants to clear them out to make them more sanitary, to open up streets, and otherwise disturb the ducal landlords who are in control of Parliament. The same is true of the franchises of the big corporations. In consequence, when the Council comes to Parliament for relief, the House of Lords interposes its veto; or when the powers are granted, the community is compelled to pay handsomely for the privilege of making the city a decent place in which to live.

The Council has now entered on the biggest struggle of all. It is aiming to break the land monopoly which afflicts London as it does all English cities. It has joined an agitation for the "taxation of land values," which is the English equivalent for the

single-tax philosophy of Henry George. More than five hundred cities and local authorities have united in demanding of their representatives in Parliament the right to retake for local purposes a portion of the unearned increment which results from the city's growth, and the present Liberal ministry is pledged to such a measure.

Through this means the County Council hopes to force the ducal dogs in the manger to improve their lands if they will not sell them. By taxation the Council hopes to force the owners to tear down the shacks and disease-breeding tenements, to let go their immense suburban holdings, and open them up to residence for the people of London. To-day the land is free from taxation. By increasing the cost of holding it, the Council believes it can force the land into use. Through this means, too, the burden of local taxes, now paid by the tenant, will be shifted in part to the landlord, and, through the taxing away of its speculative value, unused land both within and without the city will be brought into occupancy.

Most of the great art of the world has been produced under the stimulus of democracy or the Christian religion. These were the great forces that beautified the Italian cities during their age of freedom and dotted Europe with cathedrals. And the new London that is coming into existence under the inspiration of the County Council is expressing

its aspirations in a big artistic way. For the first time in the city's history, a comprehensive plan for the beautification of the city has been worked out. The County Council has dared to entertain the idea of a beautiful London. It has widened old streets, opened up parks, and erected artistic public buildings. Its new bridges across the Thames have, for the most part, justified the standard set by Waterloo Bridge, probably the finest arch bridge in the world. But its greatest achievement has been the Kings Way improvement. A broad thoroughfare has been cut through one of the meanest parts of the city from Southampton Row to the Strand. The Council has saved the bits of ancient architecture, and so controlled the new as to make them all conform to an architectural whole. When completed the improvement will be one of the finest roadways in the world. It has cost upward of \$25,000,000. It involved the destruction of many of the most unsanitary tenements in London. To the east are the law courts, and to the south, flanking upon the Strand, are the fine old parish churches of Christopher Wren, to which has been added the new Gaiety Theatre, to whose beauty the Council contributed thousands of pounds. Along the entire length of 7,000 feet plane-trees have been planted. And this stupendous improvement has been so financed that in sixty years' time the resale of the land and the rents of the property will return its

entire cost to the tax-payers. The roadway has been constructed as will all great roadways in the future, when our cities own all of their utilities. Underneath the carriageway are subways for the street cars. Beneath the broad pavements on either side of the roadway are twelve-foot conduits for gas, water, and electric mains and wires. Still farther down are immense district sewers. In many respects this is the greatest achievement of democracy in London. It was bold, courageous, and intelligent. But best of all, it was an exhibition of belief in the city as an entity, in municipal work as a thing which should be planned in a big, beautiful, artistic way.

London really stands for a new idea in the world. It is a community with a conscious purpose. Its purpose is far more than the building of streets and sewers, the maintaining of an efficient police and fire department, the care of the health and lives of the people. London is bent upon lifting its people from ignorance, squalor, disease, and poverty. It has reared 500 new schoolhouses under the new Public School Act, which it fostered. It has opened seventy libraries. It has founded 2000 educational scholarships. It has opened fifty public baths and twelve polytechnics. There are now 300 beautiful squares, 106 Council parks and breathing places, twelve royal parks, and 120 borough gardens. London is said to be the greenest large city in the world.



The Council has also razed many slum areas, and is erecting model homes for 100,000 of its people. About the city broad areas of land have been purchased on which cottages are to be built for the better-to-do classes. London is going to be its own landlord. Not much has been done as yet, it is true, but a big start on the housing question has been made.

But the new democracy is not satisfied with the achievements it has made. For what has been done is but the apprentice work. The County Council has only laid its foundations. It has spent twenty years in justifying industrial democracy. Its work has just begun. It has laid out a programme of city building in which human life and happiness, rather than business profits and dividends, will be the ideal. Democracy has vindicated itself in the English city. It has found its fullest expression in the London County Council.

## CHAPTER XV

### THE AMERICAN AND THE BRITISH CITY—A COMPARISON

As a people we have ever been sensitive to foreign critics. We resented the satire of Dickens and Harriet Martineau prior to the Civil War, as well as the subsequent scoldings of E. L. Godkin and the *Evening Post*. We have never taken kindly to the idea that we were not the greatest people on the earth. We resented the suggestion that the Federal Constitution was not the most sublime political achievement of history, an achievement only short of the tables of stone handed down from Mount Sinai to the people of Israel.

More recently a reaction has come over us. There is a note of depression, of pessimism, in our talk. The condition of our cities, the corruption of our States, the decadence of Congress, the ascendancy of privileged interests in the Senate, has destroyed our complacency. From a condition of childish belief in the talisman of a democracy we have passed in a few years' time to a state of mind bordering upon despondency before the colossal task

which confronts us. A very large number of our people see only failure in our institutions. They are oppressed by the apparent impotence of popular government to find a way out.

Rightly seen, however, the disclosures of the past few years are an evidence of wakefulness. The spirit of revolt that is now aroused is a tribute to the vitality of democracy. If the truth were fully known of other countries, we should see that America, almost alone among the nations of the earth, is courageous enough and rebellious enough to insist upon knowing the whole truth about herself. And the one thing that the disclosures have shown is that democracy in America is at war with a class that is seeking to control the agencies of government for the sake of its privileges. But this is no new thing. It is as old as the world. What is true of America is much more true of Great Britain, only the mother country is so prostrate before the privileged classes in control of Parliament, the Church, and the avenues of advancement, that no one ventures to remonstrate. Privilege and caste are so inwoven with everything that men most want in Great Britain that the voice of criticism has no sting. It does not ring with "Shame" and "Treason." It is always respectful, always obeisant. That country does not know the invigorating power of a democracy that is free in its spirit and instinct with a sense of equality. And the privileged classes

have enjoyed such unchallenged dominion for so many centuries that their ascendancy seems sanctioned by the divinity that doth hedge a king. In consequence, all classes accept as natural that which America protests against as corrupt. Democracy, therefore, in America is hopeful—at least it is rebellious. In Great Britain it is only beginning to find its voice.

This makes the present an opportune time to appraise our municipal institutions. For all agree that the cities must be reformed before much can be hoped for from the commonwealths. The cities contain an increasing percentage of the population. They have become the controlling factors in our political life. They are coming to dominate the State and the nation. It is true that here corruption seems at its worst. But it is also true that the cities are making the most aggressive stand for reform.

For years the British city has been held up to us as a model. It is certainly the chief contribution of the United Kingdom to democracy. Glasgow, Birmingham, Manchester, are heralded as the model cities of the world. It is worth our while to know if this is true and why it is true. From their experiences we should be able to extract some plan of relief for ourselves.

Before examining the contribution of the British city to our own problems, let us take stock of our

limitations, of the burdens under which we labour. First of all, it is necessary to remember that away from the seaboard our cities are new things. They are business centres, industrial accidents. Their location has been determined by natural or transportation advantages. Their bigness is a matter of comparatively few years. In consequence of this newness our officials are swamped with the most elementary municipal needs. Their energy is devoted to the opening up and the paving of streets; to the building of sewers and the development of means for relieving the city of its refuse. The imperative necessities of a water supply, of purification plants, of means for the disposal of garbage, and other health demands, have pretty fully engaged our attention. Schoolhouses had to be built. And they had to be adequate for a rapidly growing population and satisfy a people who were rather intolerant of basements or attics, or bad sanitary conditions. There were parks to be purchased and laid out, constant additions and annexations of new territory to be made. These exacting demands have crowded out those phases of municipal life that are spectacular, that delight the eye. It is the beauty and cleanliness of the Continental city, quite as much as its efficiency, that makes the casual American traveller dissatisfied with his own.

Further than this, our cities are untrained to

political organisation. We have no traditions of what a city should be. There is not that love and veneration which long years of associated life give to the European citizen. In consequence, we have no municipal experience, no social sense, to fall back upon. Our people have not yet learned how to work together. Added to this is a large foreign population which, in the larger cities, frequently exceeds the native born. They came from all quarters of the earth, and are unused to the Anglo-Saxon conception of things. They have to be assimilated and worked into our institutions. From this burden the British city is free. Its population is homogeneous. It is attached to the soil, and has been for generations.

These are some of the limitations under which the American city labours. They are the difficulties that are obvious. There are other burdens that are organic. They spring from the powers of the city, and the policy adopted by the State or Parliament in dealing with franchises and other privileges. In America franchises for the use of the streets are in the hands of the city, to be disposed of as the Council wills. In Great Britain franchises are bestowed by Parliament. The cities have no power of control or regulation. This removes the chief source of corruption from the town hall. It lodges it at Westminster. There is not that temptation for dishonest men to enter



the Council that there is in America. There is, however, every temptation for promoters and big business men to enter Parliament. And such men make use of their positions to grant franchises to themselves and their friends. We would not tolerate the sort of class legislation that passes without protest in England. For the railway and mine owners, franchise barons and landlords, apparently see no harm in relieving themselves from taxation, in protecting their interests from regulation and in securing for themselves monopolies that only escape being "graft" by the eminently respectable standing of those who participate in the transaction.

By reason of the removal of these tempting privileges from the Council chamber the British city has no such burden as the American municipality labors under. There are no franchise hunters, and comparatively few contractors about the town hall whose interest warrants their participation in local politics. All these limitations must be borne in mind in any comparison of the British city with our own.

The advantages of the British city are largely psychical; those of the American city are physical. England excels in her political institutions and the *personnel* of her officials. America excels in her economic foundations and the absence of a powerful class interest entrenched behind age-long tra-

dition and respectability and strengthened by great wealth. The Town Councils of England are filled with men of high character, imbued with a serious sense of responsibility. Her best citizens are willing to devote their time to unremunerated service for the city. The Town Council commands not the leisure class so much as the successful business man. He is proud to serve his city, and his constituents are willing to keep him in office as long as he will stay. His returns are not of a pecuniary sort. For none of the elective officials in Great Britain are salaried. His returns are rather those of service, of honour and respect, from a people which has a sort of veneration for officialdom.

And the election machinery of the English city is admirably designed to get this type of man into office. The method of nomination to the Council is simple in the extreme. It is not necessary to obtain permission from the ward boss, who has his headquarters over a saloon, or to be a contributor to the campaign fund of the party. It is not necessary to have views on questions of imperial moment. The English city tries, not always successfully, it is true, but it tries to keep partisan questions in the background. The test is rather the standing of a man with his neighbours, any ten of whom can put him in nomination by signing a petition.

The election is as simple as the nomination, and is equally well designed to bring out the best men

in the city. The local election is not lost in some national contest over protection or free trade; over home rule, or some colonial policy. The councilmanic nominee is not placed at the tail of a ticket containing half a hundred offices to be filled. When the Englishman goes to the polls on November 1 he goes to a city election. On that day he votes for one official only, the councilman from his ward. Even the mayor is chosen by the Council, and not by the people directly. In consequence, the voter is able to keep his eye fixed upon the city and its welfare. It is easy to imagine the change which would come over our elections if the voter had but one, or at most two, officials to vote for when he went to the polls.

In the nomination and election of councilmen, in the subordination of the party to the city, in the adjustment of the machinery to simple democracy, responsive and responsible to the people, there is much that could be learned by us with profit. Then, too, the English city is free from corruption. The Town Councils are uniformly honest. The cities have lured into the service a class of self-sacrificing men.

Each city has two elective auditors who annually go over the books. And it is highly entertaining to read their criticisms of official misconduct. In one of the reports complaint is made that members of the Council, when on a tour of

investigation of other cities, lived too well at the hotels; that they were not content with medium-priced champagne, as to which there would have been no complaint; but that the committee always consumed the better brands. This, and much of the same sort of criticism, was the burden of the complaint. But official entertainment is part of the show. And while the expenditure for such purposes is rather generous, it is but part of the spectacular in English life. Rarely does it become a matter of personal profit.

And the British city does the things it undertakes amazingly well. This is true of all of its undertakings, of its police, health, sanitary, lighting, and similar activities. It seems to conduct its purely business enterprises more efficiently, more cheaply, in fact, than do the private companies. The street railways have been all but universally municipalised in Great Britain. In the larger cities the percentage of operating expenses to gross receipts ranges from fifty to seventy per cent. The cities have reduced the rates of fare from thirty to fifty per cent. below the average fares charged by the private companies which previously occupied the field. In Glasgow, thirty per cent. of the passengers are now carried for one cent fare. On the London County Council lines one cent fares form thirty-six per cent. of the total. The average fare paid per passenger, irrespective of distance, is 1.89

cents in Glasgow, 2.44 cents in Manchester, and 2.25 cents in Liverpool. In Sheffield there are no fares in excess of two cents. And on these fares the cities earn large sums. In 1905 the net receipts in Manchester exceeded a million dollars. In Glasgow they amounted to \$1,853,000, and in Liverpool to \$925,000. These were the earnings in excess of operating expenses. In Liverpool it is claimed that the reduction of fares has resulted in an annual saving to passengers of \$1,600,000 and in London to \$500,000. The city of Glasgow claims an annual saving to the people in fares and profits of \$2,500,000. All over Great Britain the municipal street car service is highly satisfactory. The cars are run on frequent schedules, operation is free from accident, the cars are cleaned and disinfected, and you get a seat for a fare. The type of car is the double-decker pattern. Certainly the service is greatly superior to that which preceded it, for the comfort and convenience of the people is safeguarded at every turn.

The water supply is almost universally under the control of the city. The electricity supply is widely owned. The tramways and electricity undertakings have been taken over during the last ten years. In the United Kingdom there are 270 public gas undertakings whose average charge per thousand cubic feet is fifty-nine cents. This is against an average of sixty-five cents per thousand cubic feet charged by the 482 private companies. And even



with this difference the municipal gas undertakings make immense profits. In 1903 the net receipts of the Glasgow gas plant were \$718,000; of Manchester, \$746,000; of Birmingham, \$841,000; while the charges to consumers in these cities are very much below the average. They range from forty-two to fifty-eight cents per thousand cubic feet.

The British city has outdistanced the world in its business undertakings. It has made municipal trading pay, and pay largely. Through ownership it has taken the big privileged interests that form the chief burden on reform in America out of politics. The cities are now able to look after the people better; to give them cheap transportation, cheap light, fuel, and water; to encourage industry and promote comfort in countless ways. There is no conflict of interest in the community. There is no class, no interest, no large number of persons who are alien to the city's well-being. With the same policy in view, the city is ridding itself of the private contractor. It has established municipal workshops, and does its construction work through its own employees. The contractor is being abolished. His profits now remain in the city treasury or go into better work or into living wages to the employees. It is this sort of thrift that has brought to the British city the approval of its business men. Big business does not enter city politics because there are no prizes for it to gain in the



political arena. Likewise the English police force is a superb body of men. It is dignified, and thinks well of itself. This is because the public thinks well of its servants. Health administration is also scrupulously careful, as is the cleaning and the lighting of the streets, the looking after sewage disposal and the prevention of infectious diseases.

The British city, too, is free from the spoils system. Jobs are filled for efficiency and not for pull, and the employee is retained during good behaviour. This is a real democracy of merit. An alderman would think of demanding a city contract for himself as soon as he would the creation of an unnecessary job for a friend or relative. Public opinion, too, would tolerate the one about as quickly as it would the other. Not that the English city has any civil service laws. It doesn't need them. Public opinion regulates the service just as it does official conduct in other regards. This is the only kind of a merit system that protects the public from a bureaucratic administration.

It is along these lines that the British city is supreme. It has a fine sense of itself. It has an intelligent conscience. It commands the service of a high grade of citizenship. It has never known the ward heeler, and is exacting in its demands upon its councilmen. And the people delight in the city's successes. They are proud of a fine tramway balance sheet. They applaud an efficient manager.

They are glad when the city makes a profit. Not for the sake of the profit alone, but because of the success of it all. The people care for the city and talk city in a way that we do not and cannot comprehend.

It is in its thrifty, commercial side that the British city excels. Largely owing to the fact that only tax- or rate-payers vote, the Council represents property, not persons. It is this that gives a rather sordid, ungenerous tone to all discussion. For the taxes are assessed against the rental value rather than upon the capitalised value of the property itself. The taxes are paid by the tenant and not by the land owner. In consequence, the British councilman is always in terror of the tax-payer. And the people get a tax-payer's administration, and an administration that is very timorous of anything which increases the rates.

This has had a bad as well as a good side. Most critics see only the good side. But as a matter of fact, it is probable that this making of government a commercial thing, this making the payment of rent or the ownership of property a prerequisite to the suffrage, this throwing the taxes upon the tenant rather than the property, is one of the worst things in British political life. I appreciate that it satisfies that class of American critics who feel that we have extended the suffrage too far. But in the long run the evil effects are greater than the

good ones. With us the suffrage is a personal thing. It has no reference to the ownership of property. In consequence democracy is more generous, more hospitable to new ideas, more ready to be liberal with its parks, its schools, its libraries, its provisions for the poor. These are costly luxuries. They are not needed by the well-to-do. This in part explains the fact that the American school system is far in advance of that of Great Britain. For our school administration, as a rule, is good. In some cities it is brilliant. Its very general goodness certainly relieves the wholesale condemnation of our cities. And in many cities we collect from direct taxes almost as much for school purposes as we do for municipal administration.

The same is true of our libraries. They are the best in the world. Aside from private endowments, our cities generously maintain these popular universities, with branches and distributing agencies which bring an opportunity of culture and refinement to all classes. We have also been more generous in our parks. We have been lavish, and, in most instances, wise in the beautification of our cities. We are beginning to open up playgrounds, and are now erecting municipal baths, wash houses, kindergartens, and enterprises of a similar sort, for the relief of the very poor. There is a big generosity about our democracy that is not found in Great Britain. Our politics are not so

cheese-paring. We are even willing to be wasteful in order to get the things we want. Then, too, we have a more humane spirit in our attitude toward the dependent and criminal classes. The British penal code is barbarous. It does not temper the wind to the shorn lamb, but enforces the rigour of the law against those who have failed. British poor administration still confounds poverty with crime. In America we are coming to discriminate and to appreciate that the poor of our cities are not wholly responsible for their poverty, and that vice and crime are more often the result of industrial environment than of vicious character.

There is an open-mindedness about the best American cities that is not found in Great Britain. We are ready to take up new ideas, to experiment with ourselves, for we have no age-long traditions that restrain and chain us to the past. Chicago willingly expended millions for children's parks, playgrounds, and gymnasiums. Boston did the same thing. The city of Cleveland has bought a 1900-acre farm upon which it is endeavouring to reclaim its workhouse prisoners and bring back the poor and destitute flotsam of the city to a proper adjustment with life. New York, commercialised to the core, has spent millions on playgrounds and recreation piers.

All this is part of a generous democratic sense that Great Britain lacks. It is a sense which a city

that measures its life from the rate-payer's standpoint never can have. For the American ideal, in so far as such exists, is to make the city helpful. The British ideal is to make its enterprises pay their way by some means, or at least to be very careful of the tax-rate. The one is democracy, the other is democracy subject to the curb of the tax-paying class. And it is a far easier task for America to improve the *personnel* of the official class than it is for England to break away from this rate-payer's conception of government, which, in many instances, seems very sordid and mean.

The same thing is true in the growing demand for municipal beauty in America. Boston, New York, Philadelphia, Detroit, and notably Cleveland, are doing many of the things that make the German city so attractive. Our cities are embodying their ideals in fine monuments, just as the people of the middle ages expressed their aspirations in splendid cathedrals and their local patriotism in fine monuments and town halls. We are showing a willingness to pay for fine architecture, for beauty in the concrete. The British city, on the other hand, is the ugliest city in Europe. There are a few exceptions, such as Edinburgh and Dublin and the cathedral towns. Within the past few years the London County Council has done some big things, and gives promise of making London a more beautiful city. But it is the most democratic



body in Great Britain, and London cared little for beauty until it became democratic. As a rule, the cities of Great Britain have been very indifferent to adornment. They reflect the fear of the rate-payer. The city is unwilling to commemorate itself in a beautiful way. Tyrannised over by the tax-payers, it dares not incur expenditure for the more superfluous luxuries of city life. The American city, however, gives promise of being beautified in the next generation far beyond what it is to-day. It is along these lines that our cities will first attain municipal consciousness. This is partly due to the fact that there is no strong commercial class among us ready to resist such a movement. But the main reason—a reason usually ignored by critics—is the aspiration of democracy for a big communal life. In addition to this, our streets are broader and finer, our business architecture more promising, in spite of the sky-scraper. The time is not far distant when our cities will study beauty just as do the German cities, which compete in attractiveness for the travellers of Europe.

These are some of the things usually overlooked in the comparison of our cities with those of Great Britain. They are some of our advantages. And the American city can correct the evils which are the result of political conditions much more readily than the British city can change the physical limitations and age-long traditions that cramp and



confine it in a physical way. For the British city can only cure its economic diseases through the most radical departure in its land system and the method of assessing local revenues.

Remote as the question of taxes may seem to an understanding of municipal conditions, it lies at the root of the ideals and character of the British city. A comparison of London and New York will indicate this fact. The local taxes paid by the London land owners directly are about the same to-day that they were in the seventeenth century. The city of New York, on the other hand, revalues its land every year. In 1904 the naked land was appraised at \$3,697,686,935. On this valuation, taxes in excess of \$50,000,000 were collected for city purposes. This is possibly fifty times the amount collected from the land of London, whose population is twice that of New York, and whose site values are probably not far from six billion dollars. The explanation of such an anomaly? Those who own the land in Great Britain also control Parliament. They form the House of Lords. They pass all laws relating to taxation. Through this control they legislate into their own pockets an enormous sum, which, if land were taxed as is done in New York, would amount in London alone to a hundred million dollars a year. It is against just such misuse of government that President Roosevelt, Senator La Follette, Governor Pingree, and Senator Colby di-

rected their energies in their struggle for equitable taxation. But Great Britain accepts this condition without protest, or, at most, complains of it as class legislation. Thus the poor of London are made poorer by \$100,000,000 a year than they would be if land were taxed as it is in the city of New York. This explains in part the unparalleled poverty, misery, and degradation of the British city.

I am not unmindful of American conditions, of the corruption and incompetence of our Councils, of the dirty streets and demoralised police and health forces. These have become the commonplaces of criticism. But these are errors we are more or less rapidly correcting. We are learning how to make use of our tools; how to get the right sort of men in politics and keep the wrong sort of business out. The next ten years is bound to see a great advance in city conditions. But despite our apparent failures, the great advantage which the American city enjoys is a physical one. It lies in our better tax machinery, in our economic environment. We can appreciate the condition New York would be in were all of the land of the city owned by a half dozen great estates, which estates were in control of the Legislature at Albany, who made use of that control to free the land which they own from taxation, and compel the other class to pay all the revenues of the metropolis. For that is the condition of the British city.

It is impossible for America to have any understanding of the attitude of Great Britain toward its aristocracy and the land which it owns. There are some Englishmen who appreciate this condition, but not many. For land, as land, is sacrosanct in Great Britain. It enjoys a distinction not unlike that of the Federal Constitution in America. It is too sacred to be touched except by the permission of those who own it. Land is really the controlling factor in Great Britain's political, social, and industrial life. The country is afflicted with a kind of land worship, which centuries of feudal ownership have cast about it. This sacredness affects the British city in countless ways. And the landlords will not sell to the people. They lease, and only lease when the price has reached a point where the people must have the land at any cost. The owners can hold on to the land indefinitely because the land, as land, pays no taxes.

The British city cannot grow until the lord of the manor lets go of his untaxed land. And he waits until he gets the last penny out of it. Herein lies the explanation of the irregular architecture of the British city, the fearful tenements, and the acres of unimproved land. For so long as it is vacant it pays no taxes at all. If it is badly improved, it pays but little.

In America, land is taxed, or supposed to be

taxed, at its capital value. City taxes are so high that the owner must improve the land or sell. He cannot leave a shack where an office building should be erected. In consequence, our cities are constantly being rebuilt; the two-story building gives way to a six-story. As the town grows, this gives place to a sky-scraper. Not so in Great Britain; for the shack pays taxes only on its rental as a shack. In consequence, the land owner is under no stimulus to sell. He need not worry about his rentals, for the growth of the city is enough in itself to compensate him for any loss in this regard. All of the corruption of our councils, all of the losses to the public service corporations, all of the millions which go to excessive street railway fares, gas, and telephone, and electricity charges are insignificant in comparison with the cost of the dead hand of feudalism which casts a blight on the British city and throws all of the burdens of taxation upon the tenant and the poor.

These are only the most obvious of the evils of the British system of land tenure and taxation. For it is the attitude toward the land that explains the tenement and the slum, that crushes out light, air, and sunlight, that breeds disease, and renders the development of municipal architecture and beauty so costly to the rate-payers.

From such an affliction we are largely free. There is some sanctity of respectability about the abuses

of privilege in America. But it is not age-long. There is no tradition of feudalism, no respect bordering on veneration for a class that strangles the free expression of the people. True, our cities are more or less prostrate before the big business interests desiring franchises and privileges in the streets. But we are awakening to these conditions, and have no hesitancy about their destruction. They enjoy no sanctity such as attaches to the privileged classes in Great Britain. And all over America the forces of reform are coming to appreciate that good government is only possible when privilege is exiled from its councils. We are coming to realise that the inefficiency and corruption of municipal administration is economic no less than personal, and that both must be corrected together. In this larger perspective the American city is much more hopeful than the British city. It will be a far easier task to lure good men into our councils than it is for Great Britain to overcome the mediæval burdens which crib, cabin and confine her cities through centuries of class control of Parliament. Long before another generation passes, the American city will have called to its aid the type of men who have given the British city its present proud distinction. But back of all this, our superior physical endowment, our comparative freedom from a land monopoly in control of legislation, our open-minded democracy, assures us a city far more beautiful,

vastly more helpful, and infinitely more generous in its ideals than the British city now is. It is this freedom from feudal abuses and the tyranny of ideas inherited from an earlier civilisation that give promise that the American city of the next generation will not be the worst, but rather the best, governed city in the world.



## CHAPTER XVI

### THE DEAD HAND OF THE LAND

IN a previous chapter we have seen how all local taxes are assessed upon the rental value of property, rather than against the value of the land itself; how the right to vote is a rate-payer's rather than a personal right. This tying of the suffrage to the pecuniary interest of the voter makes for honesty, efficiency, and economy. These are the advantages which flow from a limited suffrage and the adjustment of the burdens of government so that they are constantly in the mind of the voter. These are the effects that are seen. They are the advantages which commend a property suffrage qualification to those who distrust democracy.

But the unseen effects of this method of levying local rates are all bad. It would be difficult to exaggerate the social, political, and economic evils which follow from the relief of land, as such, from taxation, and the shifting of the burdens of government on to labour and industry. For that is the effect of the British rating system. It punishes where it should encourage. It places a premium upon indolence. This, with the monopoly of the

land, which is the inevitable result of its exemption from direct taxation, are the controlling influences in the life of the United Kingdom. They are mediæval survivals of feudalism, born of the long unchallenged rule of the land-owning classes in Parliament. These institutions cry out as insistently for change as did the Rotten Boroughs and the unregenerate towns prior to the Municipal Corporations Act of 1835. The latter measure recognised personal democracy. It freed the towns from the dominion of a corrupt and inert class, who had come to look upon the municipalities as private possessions for the promotion of their interests. The need for reform in the system of taxation is no less insistent, if democracy is to use the powers resident in it for the relief of the burdens which modern society has heaped upon the masses. The British city can never achieve its ideals until these survivals are swept away and abuses in the form of special privileges are destroyed.

At this distance we are able to see the causes which led up to the French Revolution. Historians have generally laid the misery of the people and the decay of the Empire at the door of unequal taxation and the oppressive exactions of the privileged orders. In this respect, modern Britain differs but little from France of the old régime. Her people are suffering from a similar oppression at the hands of the gentry, who govern the country in

their own interest and control the distribution of taxes. France and Germany attacked the feudal system at its roots by abolishing the economic privileges of the overlord. Great Britain abolished the personal relationship and the incidents of service only. The land monopoly, upon which the feudal system was reared, was left intact. The passing of feudalism in the seventeenth century was formal rather than real. The barons were relieved of their obligations to the King. The obligations of the common people to the barons were increased. And it is the survival of these feudal burdens, in the form of competitive money rents and oppressive taxes, that explains many of the institutions of Great Britain to-day. The British cities remain in a condition of vassalage far more oppressive and much more costly than those against which the burghers of the Middle Ages so valiantly fought, though this servitude is of an economic rather than of a personal sort. It is difficult to understand either modern Britain or her municipal institutions except as historical survivals of centuries of class rule.

When the insecurity of the Middle Ages settled down sufficiently to permit of the development of trade and commerce, communities arose all over the face of Europe. At first they were mere trading posts. In time they developed into walled towns. They became the centres of industry, later of wealth. But the inhabitants found that they

were dwelling upon the domains of some neighbouring over-lord. They were vassals, and vassals because they did not own the land upon which they dwelt. The property which they amassed was subject to seizure and arbitrary taxation. To the feudal baron the citizens of the towns were dependents, differing in no respect from the serfs who dwelt upon his broad estates. He compelled them to do homage, to pay such tribute as he demanded, to serve in his wars against his neighbours. He called the merchant from his counting-room, the artisan from his bench. Over these demands controversy arose. The burghers resented the taxes and compulsory service from which they derived no advantage. As they grew in strength they protested. They closed the gates of the towns and manned their walls with armed men. In this struggle of the towns and the barons civil liberty had its beginnings. Some of the communities compromised, and agreed to pay a fixed tribute instead of feudal dues, in exchange for the privilege of self-government. Others, in time, became wholly free. They defied the over-lord and in some instances the Empire itself. This was the origin of the City Republics in Italy. The Hanseatic towns achieved their liberty in the same way. Hamburg, Bremen, and Lübeck remain to this day free cities.

Many of the towns of Great Britain secured charters in the Middle Ages from the crown. They

were granted self-government in exchange for gifts and favours to the King. But under the corrupt reign of Charles II they were despoiled of their prerogatives. From this time on down to the Municipal Corporations Act of 1835, they enjoyed but a semblance of freedom. They were parliamentary boroughs, administered in the interest of a handful of freemen. But the towns of Great Britain were never free as were the towns of Europe. They were never released from the condition of vassalage. For the nobility of Great Britain, unlike the nobility on the continent, became a ruling class. They quarrelled with the King, but rarely with one another. They had a common cause against the Crown on the one hand and the people on the other. They legalised their feudal privileges and gave them the sanction of law. They transmitted the obligations of personal service upon which the feudal system was reared into rent and taxes. Upon their estates, villages, towns and cities arose. The people were given their personal freedom. A standing army was substituted for military service. In the time of Charles II, feudalism was abolished in so far as its personal incidents were concerned. Since that time democracy has come in. The people have been given the suffrage. Local self-government has been extended to the towns. But in this transition from age to age the aristocracy retained its feudal ownership of the land. It abandoned none of its



economic privileges. At a matter of fact, it added to them with every apparent concession to liberty. To-day the people pay a more exacting tribute than did their Tudor ancestors. Instead of personal service they now pay its modern equivalent—rent. In addition they pay the local taxes. The feudal nobility made use of its position in Parliament to exempt its own property from taxation and to shift it on to the tenants. And the rents which the people pay are constantly increasing in amount. They are no longer fixed by custom, as they were under the feudal order. They are competitive rents of a growing city. They constantly tend to increase through the struggle for existence.

To-day, the land of Great Britain is owned by a handful of persons. According to the Domesday Book of 1874, which, however, is said to be somewhat untrustworthy, it appears that one-fourth of the total acreage of the country is held by twelve hundred owners. Another fourth is held by 6200 persons, while the remaining one-half is distributed between 312,150 persons. In other words, eight one-thousandths of the inhabitants of Great Britain own all of the land. Not one person out of every hundred has any ownership in the soil.<sup>1</sup> But even

<sup>1</sup>The Domesday Book excludes returns of the metropolis and omits great areas of woods, plantations and wastes, as well as unenclosed commons over which manorial rights extend. It also classes leaseholders of 99 years and over as owners. From



this does not indicate the concentration of ownership. There are twelve landlords who own four and one-half million acres between them. The peers, who number about six hundred, own from one-fifth to one-fourth of the land in the kingdom. Much of the land cannot be sold except by special act of Parliament. And this is so costly that it is rarely resorted to. A perpetual aristocracy is assured by a system of primogeniture, by entails and acts of settlement devised to keep estates intact within the family. Conscious of the power which the ownership of land confers, in a country where all of the land is taken up, the aristocracy has made it almost impossible for one who is born into that class to divest himself of his heirship. It has made it equally difficult for any one not so born to obtain access to its sources of power. There is nothing quite like this in the civilised world.

Great cities have come into existence during the past century upon the estates of the nobility. The land underlying the metropolis of London is owned

the above figures plots of land of less than one acre are eluded.

Comparing these figures with those of the continental countries, it appears that in Prussia there are 800,000 labourers who own their land and cultivate it. In Belgium, with an area of less than one-fifth of England and Wales, alone there are more than a million landowners, while in France there are five million owners averaging  $7\frac{1}{2}$  acres and a half million averaging 75 acres.

See *The Land and The Community*, S. W. Thackeray, page 211.

in large part by the families of Westminster, Cadogan, Portman, Eyre, Portland, Camden, Bedford, Northampton, Llangattock, and others. Sir John Ramsden owns the city of Huddersfield, with a population of 95,000. The Duke of Norfolk is the ground landlord of Sheffield. His ground rentals alone approximate about \$5.00 a head for every man, woman and child in the city. Lord Derby is one of the chief landlords of the city of Liverpool. He owns the town of Bury. The cities of Devonport and Burton-on-Trent are built upon the lands of a single owner. The same is true of many other English towns. They have come into existence through no enterprise of the landlords, whom they have enriched beyond the proverbial dreams of avarice.

The Duke of Norfolk recently sold the town of Sheffield the right to maintain a market. The price charged for this privilege was \$2,500,000. Inasmuch as the Duke of Norfolk owned all of the land underlying the city, the Council had no other alternative but to pay the price demanded by him if it desired to serve the people in this way. The Covent Garden Market is owned by the family of Bedford. From it the present duke enjoys a princely revenue. A toll is levied upon every gardener who ventures his wagons upon the neighbouring streets and alleys. Another noble lord owns Spitsfalsfield Market, from which a revenue of \$90,000 a year is col-

lected. And while these grants were originally but permission to hold a market, the law, as solicitous then as now for privilege, held that these grants were in the nature of a monopoly, and that no other markets might be opened within a radius of seven miles. And so sacred are these aristocratic privileges that neither the London County Council nor the London Borough Councils may either open a market in competition with them or make an investigation as to the incomes which they enjoy.

The docks are a monopoly appurtenant to the soil, the same as the markets. They, too, are owned by the landed gentry. The great port of London is in the hands of a monopoly. Other towns, like Glasgow, Liverpool, Bristol, Dublin, and Swansea, have municipalised their wharves. But all the water tonnage which enters the metropolis pays tribute to the four great companies which own the river frontage. Their aggregate capital is \$100,000,000, and the metropolis has been thwarted in every effort to free the port from the monopoly of its greatest asset, the River Thames. The right to maintain a public house is now a landed privilege, made so by the late Conservative government. It is a right affixed to the site, and is of great value. It is like a street railway franchise, and may only be revoked upon compensation being paid the owner by the community.

Wherever possible, Parliament has created a monopoly and then given it official protection. This has been done by attaching the business to the land. Thus the railways, the mines, the franchise corporations, the markets, the docks, and latterly the privilege of selling liquor, have all been merged into landed rights, where competition is only possible with the consent of the owner.

In consequence of the monopoly of the land in a few hands, Britain is a nation of tenants, of tenants under the most remorseless system of wealth appropriation ever sanctioned by law. The land is held under lease, and the tenant is compelled to place such buildings upon it as the owner wills. He must keep them improved and in the original condition of efficiency. From time to time the leases are revalued. If the location has grown in value, as most of the sites of a city have, the rent is increased. On the expiration of the grant, all of the buildings, improvements, and fixtures pass to the landlord without compensation to the tenant. By this process in time the land owners will come into possession of all the immovable property in the kingdom. They also enjoy all of the unearned increment, which becomes theirs without effort and under laws of their own making. Those who own the land can always determine the conditions of its use. And the terms of leasehold tenure in Great Britain are the most oppressive and the most

vexatious that could be devised. When those who own the land also control the government these conditions cannot be altered except with the consent of the owner.

But the greatest injustice of this merger of politics and privilege is to be seen in the tax laws of the nation. Here the most oppressive privileges have been created. The landlords have not overlooked the first instinct of monopoly, which is to make the masses pay. For two hundred years all legislation has been devised to relieve the land from direct taxation. To-day land that is not in use pays no taxes. It may be worth millions of dollars an acre and be situated in the heart of London—it pays no taxes as land. It may be a suburban estate badly needed for building purposes—it still pays no direct taxes. If, however, the land is built upon, or leased for productive purposes, the tenant pays taxes in proportion to his rental. To this extent the value of the land enters into the valuation. The rate is so many shillings to the pound. It is a sort of income tax, but an income tax that is not paid by him who enjoys the income. If the property is not occupied, it pays no local taxes at all. For then there is no tenant to make the payment. If the improvement be a shack in the centre of the city, where a splendid office building should be erected, it is rated as a shack at a few pounds per year. If it be suburban building land, held by the owner for



purposes of speculation, and rented at a few pounds per acre for sheep grazing, it is taxed on the rental paid for sheep grazing. Thus the land owner pays no taxes on his naked land, and he pays none at all if his property is improved but unoccupied.<sup>1</sup> And what he does pay is paid by the tenant, and only indirectly, if at all, shifted on to his shoulders.

No more perfect example of class legislation was ever devised than this. It differs from that of the *ancien régime* in France only in the democratic forms under the guise of which the fraud is perpetrated. Parliament, like other aristocratic assemblies, represents itself and its members' interest. And no legislation could be more destructive to the life, industry and well-being of the people than the land tax laws of Great Britain. It is this monopoly of the land, and its exemption from taxation that explains the heart disease of the English nation. It cramps the towns and strangles their development.<sup>2</sup>

<sup>1</sup>The city of Bradford is an example of the vicious system of exempting land values, as such, from taxation, and of imposing the taxes upon the rental value of property alone. The area of the old town was 10,076 acres. Of this, nearly one-half, or 4,512 acres, was not built upon. This portion was rated at \$900,000, but was worth in the market \$19,000,000, and would have been rated at this latter sum if improved. Thus the enterprising classes who made use of the land, and built upon it, were compelled to pay nearly twice as much taxes as they would have done had all land been assessed, as is done in America, whether improved or unimproved.

<sup>2</sup>Examples of the destructive effect of land monopoly and the system of taxation might be duplicated indefinitely. I have seen tenements erected in the midst of an open field outside of the city where cottages should have been built. Idle



The landlord can hold the land indefinitely free from taxes, or taxed only at its annual rental. It may be improved with miserable shacks in the centre of the town. Inasmuch as the shacks are taxed at a nominal rate, there is no incentive to improve them. The land may be worth a thousand dollars a foot, the tax remains the same as though it were a village site. If the landlord chose to leave the land vacant, or if the estate is tied up by family settlement, or otherwise, in a way which makes improvement impossible, it pays no direct taxes at all.

It is this that explains the appearance of the English city, its unimproved homes and ancient business blocks, unsuited to modern conditions; blocks which would quickly make way for something better were the taxes imposed upon the capital value of the land as is done in America. It is this that explains the lack of beauty in the British city. With the exception of Edinburgh, Dublin, Cambridge, Oxford, the cathedral towns, and parts of London and Glasgow, there are few beautiful cities land was lying all around; but these tenements were filled with a dozen families to a stair. There was land in abundance for cottages, but the landlord was under no compulsion to use it until he was ready to do so, for the vacant land paid no taxes. About all of the great cities of England is land used for agricultural purposes, or idle, and valued for taxation at from \$10 to \$20 an acre (annual rental value), which, on being built upon by tenements, became worth from \$400 to \$500 an acre. Inasmuch as the landlord is free from taxes, he can hold the land from use until the city has grown to the point where tenement conditions, like those in the heart of the city, can be reproduced.

in Great Britain. No cities of America, with the possible exception of Pittsburg and Chicago, compare in ugliness with Sheffield, Manchester, Belfast, and the manufacturing towns of England. While Continental cities are centres of beauty, with wide streets and commanding avenues, the English city is black and unkempt, irregularly built, and devoid of decent architecture. The system of leasehold tenure under revaluation leases, destroys any incentive to improve the property. For the owner himself need not take the trouble to build, and the tenant has only a terminable interest in the property. The value of the land is constantly rising, and the instinct of the owner everywhere is to hold on to his property in the hope of still further advances. Inasmuch as on the expiration of the lease all of the improvements placed upon the land pass to the landlord without compensation, the tenant builds only for his immediate necessities. No one has a pecuniary interest in beautifying the city, and English architecture has suffered in consequence.

The cities are lacking in open spaces and parks for the same reason. Except under special legislation, land cannot be acquired for public use by compulsory purchase, and the prices demanded by the owner make voluntary purchase difficult and very expensive. To this is added the hostility of the rate-paying classes, already heavily burdened by

the exemption of much of the property from taxation and the heavy obligations of health, cleanliness, and education. This still further restrains the Town Councils in their efforts to adorn the municipalities with fine buildings, parks, or open spaces.

The monopoly of the land and its exemption from taxation also explains the terrible tenement conditions of the English city. Few places in Europe compare in wretchedness with the slums of the smaller British towns. And the larger cities are much worse. The cities are cramped and confined within the smallest possible area. The comparison of the population and the corporate areas of several English and American cities indicates how fortunate we are in this respect.

## GREAT BRITAIN.

Towns.	Population.	Area, Acres.
Administrative County of London...	4,536,541	75,520
Glasgow .....	781,000	12,688
Liverpool .....	710,337	17,792
Manchester .....	543,827	13,654
Birmingham .....	522,204	12,639
Leeds .....	443,599	21,572
Sheffield .....	426,686	23,662

## UNITED STATES (Estimated, 1903).

New York.....	3,716,139	209,218
Chicago .....	1,873,880	114,932
Philadelphia .....	1,367,716	81,833
St. Louis.....	612,279	39,276
Baltimore .....	531,313	19,303
Cleveland .....	414,950	22,180
Pittsburg .....	345,043	18,171

The housing conditions of the British people are little better than barbarous. This is true in the

country districts as well as in the cities. The master of the hounds of a county is much more solicitous of his kennels than he is of the tenants on his estate. It has been estimated that twenty-two per cent. of Scottish families and thirty-three per cent. of the families of Glasgow live in homes of one room each. Sir Robert Giffen estimates that 8,000,000 of Great Britain's 41,000,000 of people live on an income of less than a pound a week. Nearly one-half of these persons live in dwellings which are unsanitary, airless, sunless, and unfitted for human habitation. In London, not less than two and one-half million people live under conditions badly needing improvement. Of the 760,000 people in Glasgow, 91,205 are living at the rate of from three to twelve persons in a room, while 194,284 are living in the condition of from five to twelve persons in two rooms. Numerous investigations conducted by the Land Law Reform Association into the condition of English villages show that the homes of the countryside are little, if any, better than the tenements of the cities. At least one-half of the cottages are described as bad, and many of them are overcrowded in the grossest possible manner.

In the cities the population is herded into the smallest possible space. Tenements are built close up to the open fields of the country. There is no inducement to the landlord to sell. There is every inducement to hold tight to the land. It is this

fact that explains the unparalleled congestion of the English city.<sup>1</sup> Land just beyond the city's walls, badly needed for homes, is held from use by the

<sup>1</sup>In a recent volume, entitled "Municipal Ownership in Great Britain," Dr. Hugo Meyer, of Chicago University, condemns the English towns for the terrible tenement conditions which prevail. He lays the congestion at the door of municipal ownership, and the policy of a zone system of street railway fares, and the desire of the towns to make money out of these enterprises.

It is difficult to understand how even a casual observer, with any knowledge of English conditions, could have ventured to lay this condition at the door of municipal ownership. In the first place, the zone system of street railway fares was universal in Great Britain before the towns took over the tramways. They are a survival of private ownership to which the people have grown accustomed by long use. They were not introduced by the Town Councils, but by the private companies.

Further than this, no street railways were built in England prior to the act of 1870. The English town was a cramped and congested thing long before tramways were thought of. They have been afflicted with tenements and slums ever since the rush to the city began. In so far as relief has been offered through improved transportation facilities, it has been offered by the Town Councils, who have done something to relieve tenement conditions through the extension of the tramway lines. Private companies, animated only by a desire for dividends, were as indifferent to housing conditions as are the street railways of any American city. But the real explanation of the slum, of the "brutality" which Dr. Meyer ascribes to the Town Councils, is traceable to the utter inability of the cities to buy the land or the people to obtain a foothold in all England except by the permission of some untaxed landlord, who holds his land, not that it may be used by humanity, but that he may derive the last shilling of competitive rent from its lease. This is the explanation of the English slum. For as rapidly as the cities opened up new land for occupancy its value increased immediately by virtue of its availability for building purposes. Under these conditions, the cities are helpless in their struggle to relieve the tenement problem.



owner awaiting for the necessities of the people to enable him to exact his own price. All of the city's improvements, every increase in population, flow into the pocket of the landlord, who sits indolently by and refuses to permit the city to expand over his estate except on his own terms. The opening of streets, the construction of sewers, the coming of fire, police, and health protection are paid for out of the tenant's purse. The benefits all go to the landlord's. For they still further enhance the value of his property.

The injustice of these conditions came to the notice of the Town Councils through the development of their tramway lines. The cities were oppressed by the condition of their poor. The slums were a menace to the health of the community. To clean them up it was necessary to purchase the land from the slum lords, for they would not permit Parliament to pass any legislation compelling the owners to do so. If the city undertook the task, homes had to be found for the dispossessed elsewhere. Otherwise, the efforts of the Council led to even worse overcrowding in some other portion of the city. So the Councils decided to extend their tramways out into the country, to open up suburban residences for the people. But the effect of this extension of the tram lines was so to increase the value of the suburban land that it was out of the reach of those who needed it. Instead of rents going down any-



where, they went up in the new territory. So responsive, in fact, were land values to the development of the tramway lines, that a decrease of \$5.00 a year in fares was followed immediately by an increase of \$5.00 a year in rents. The city lost money on the operation of its new lines, and the only gainer was the landlord. Thus the towns were thwarted in their efforts to solve the tenement problem through the municipalisation of the tram lines.

In some cities the Councils obtained powers to buy up slum areas and erect upon them model dwellings for the relief of the congestion. In such purchases the value of the land was increased by the very overcrowding that menaced the community. For the Town Councils had to pay the capitalised value of the property used as a slum. If it were badly overcrowded it had a greater value. Landlords found it profitable to create a slum in order to force the city to demolish it. When the city purchased such an area, and razed the tenements, it drove the occupants elsewhere, and this increased the value of other holdings, which in turn had to be bought out at excessive figures. Thus the efforts of the city to improve the condition of the poor involves a heavy burden on the rate-payers, while the holdings of the untaxed landlords whose greed is responsible for the city's suffering, are greatly increased in value. Every betterment, every park improvement, every area opened up, every cheapening of street

railways, gas or water service, increases the value of the land which contributes nothing to the improvement.

Thus the cities are bound like Gulliver. Every effort, whether inspired by philanthropy or thrift, only increases the value of the land. And the most fundamental problem of city life, the decent housing of the people, can never be achieved so long as it is to the interest of the landlord to sit idly on his holdings until the demands of life itself force the erection of tenement blocks immediately to become another menace to the community.

The monopoly which the landlords enjoy is the most perfect in the world, and it includes all others. For the people have no other alternative but to accept its decision. No combination, no gentleman's agreement is needed to enforce its will. All that is arranged by the laws of the land and by an immemorial custom which has all the sanction of law.

The dead hand of landlordism is strangling the English city. It is smothering agriculture and industry. It is impoverishing the people. Not only are the farmers rack-rented out of what they produce, they are excluded by millions from the soil inviting to occupancy. The towns have sought permission from Parliament to buy up the land surrounding the towns in order that they might retain the unearned increment from the city's growth, and

at the same time make provision for the housing of their people. Such a policy has been adopted in many German towns with great success. But Parliament has never been willing to permit the increasing treasure, which flows automatically to its members' pockets to pass from its control. Latterly, the agitation of the towns has taken a new turn. Unable to buy the land, the cities have organised to tax the value of the land which they themselves have created.

The land and the things appurtenant to the land form the physical basis of British politics. The concentration of land ownership in a few hands, and those hands in control of Parliament, explains the system of taxation which has come into existence, as well as its permanence in the face of its manifest injustice and injury to the life of the country. Just as the bulk of the imperial taxes formerly paid by the barons for the maintenance of the Crown have been shifted from the land and cast upon consumption, so the burdens of local government have been shifted on to the occupier, where they ultimately rest.

## CHAPTER XVII

### THE BRITISH PARLIAMENT—THE SANCTUARY OF PRIVILEGE

MANY Americans are convinced that their government is pretty bad. Many believe it is worse than that of any country of western Europe. But we do not know other countries as we are coming to know our own. If we did, we should probably see that it is not so much in the badness as in the amount of our knowledge of the badness that America differs from the rest of the world. The things that have become a commonplace with us other peoples do not know. But we have been made very wise through the disclosures of the past few years, wiser than any people on earth. We have washed all our linen in public, where it should be washed. And we have found that, far from being the most easy-going of people, we are very exacting. We care a great deal about politics. We insist upon knowing what is going on behind the scenes. America is really intolerant of the things that are bad. We want things right. Not merely pretty good—but right.

But there is no one to tell other peoples what we in America are all beginning to know. Most peoples live in fear of government as the ancient Hebrews lived in fear of God. In England the governing class enjoys a sanctity of which we have no conception. There is nothing quite like it in modern Europe. For England is still feudal to the core. It is true the obligations of personal service have been abolished. Feudalism has been modernised by trade, commerce, and manhood suffrage. But the relations of classes are those of the fifteenth rather than of the twentieth century. A caste like that of India runs through the structure of society. Above is the landed aristocracy, who own almost all the land. Less than 8000 of them alone own one-half of the soil of Great Britain. They, also, are stockholders in the railways, the mines, the shipping, and the franchise corporations. They finance the nation. They employ the barristers and the solicitors. They control the Church of England and the press, and through them make public opinion. From out the gentry come the clergy of the established church, many of the professional men, and the leisure class. The captain of industry, the merchant prince, the successful professional man or politician, is constantly knocking at the door of this very exclusive class for admission. Even the radical finds it difficult to resist its blandishments, its softness, its assurances.

This is not so true of Scotland and Ireland. But this is England, and England rules Great Britain. The mother country is feudal in its organisation as well as in its instincts. Out of the aristocracy come many of the officers of the army and the navy. The church and the civil service are recruited from its ranks. It patronises business which it professes to scorn, but lends its name to questionable finance. And into this age-long caste, the most sympathetic in western Europe, all the upper classes seek to enter.

Such a class is almost as immune from criticism as is the Czar or the Kaiser. And this is the class which governs. No wonder that England is complaisant. No wonder her press is filled with disgust over the corruption of American politics and business. And we are daily being told that England is the country of all others upon which we should model our conduct.

It would seem hazardous to challenge a comparison of English and American politics. It would seem even more hazardous to assert that there is more hope from the United States Senate than there is from the British Parliament. For English politics are assumed to be the most democratic in their forms of any country in the world. And Parliament is treated by all as above reproach. But were British politics subjected to the same searching investigation that Congress and the American States



have had to face, there would be disclosed a condition which differs from our own only in its greater respectability and its more perfect adjustment to use by the privileged classes who govern.

Not the least of the gains which have come to us from the disclosures of the past few years is the understanding that bribery is not the only form which corruption may assume. Bribery has become the least effective means of securing public plunder. It is the method of petty grafting. Then, too, it is no longer safe. We have broadened our views of official responsibility. We have learned that an entire party may be purchased by campaign contributions, and that the code of partisan ethics requires that the pledges of the managers be carried out. The boss is also seen in a new light. We used to think of him as a ward heeler, risen to power through his service to the criminal classes below. We now see him as he is, a big broker—the representative of business interests which want things. In many States he has been elevated by business to the United States Senate. In other States he makes senators. He has become a cog in the machine of business. He is eminently respectable; but to him and his makers business is the main thing, politics is secondary. In this process of control, corruption has assumed a far more effective form than that of bribery. It is also much safer. Privileged business

is now sending its representatives to Congress. It has placed its lawyers on the Bench ; its local attorneys and employees in the State Assemblies. The desire for privilege, in the form of franchises, freedom from taxation and regulation, a protective tariff and subsidies, are the controlling motives in American politics.

This marks a revolution in our democracy. The means employed by those who want things are no less corrupt than the more vulgar offenses of an earlier day. They involve no hazard of the penal code, no loss of respectability. They are far more sinister and much more costly to our institutions. Through these means the nation, State, and city have entered into partnership with privileged business. This partnership involves the control of the people's government by an economic class. This is the final form which corruption always assumes. It is a form with which all nations and all history is familiar.

The bribe-taker and the bribe-giver, the boss and the hired lobby are practically unknown in Great Britain. For this reason we have assumed that Parliament was free from corruption. As time goes on, America, too, will be free from this vulgarity. Our politics are fast becoming a merger of business interests seeking privilege. But an examination of English politics, as relentless as that to which our own has been subjected, will disclose a

systematised use of the government that is bolder and far more perfect than anything with which we are familiar. In England, the things we protest against are identified with high station and social distinction. They are protected by the press and public opinion. They are shielded by a veneration for the upper classes that shrinks from criticism. But beneath the surface corruption, in the sense that we are coming to know corruption, flourishes in Parliament. We recognise it in America. Great Britain does not suspect it. We are rebellious. She is self-righteous. With them corruption is fixed and established. With us it is changing. And the cost of this class control to the people is evidenced by their appalling poverty. The gentry, with their alleged *noblesse oblige*, have made the people of Great Britain poor. They have famished Ireland, and are bringing England and Scotland to a state of decay. This condition is perpetuated by the House of Lords. However the opinion of the country may change, it does not affect this hereditary body. And it may always be counted on to protect its own interests.

Up to the last election, Parliament was instinct with the interests of the great plantation owners. As such it was a monopolistic body. It represented the things its members owned. From one-fifth to one-fourth of the land in the kingdom is owned by the peers, who number about six hun-

dred. The House of Lords is almost exclusively a landed body. The land owners form the country gentry, the aristocracy of Great Britain.<sup>1</sup> The cabinet of Lord Salisbury was a family ministry of great estate owners. For nearly a century the contest for the control of the government has been between the landed aristocracy on the one hand and the commercial classes on the other, both of whom were seeking privileges of some sort. But even the commercial classes have taken on the colour of the gentry.

Modern England differs from other aristocratic nations of Europe only in the fact that her institutions are democratic in form. But the form of government counts for little, as we in America are coming to see. And the class which rules Great Britain is the most privileged in western Europe, possibly the most privileged in the civilised world. The House of Lords has always interposed a veto on any legislation which even remotely threatened its interests. Its members are drawn from the few thousand families that have ruled Great Britain from the advent of Parliamentary government. In 1905 all but 70 of its 589 members were hereditary. The remainder were higher dignitaries of the Church of England, or Scottish and Irish representative peers. This little oligarchy is deaf and

<sup>1</sup>The number of persons in Great Britain owning more than ten acres of land is only 176,000. Less than one two-hundredths part of the population own ten-elevenths of the total area.

dumb to any criticism. It is ignorant of the fact that it abuses its power. A change in parties makes no impression upon it. It remains reactionary in the face of every popular demand. The landed gentry think themselves to be the government, no matter by what party it is carried on. And the average Englishman is rather pleased to think that he is governed by his betters. He rarely questions this assumption of power.<sup>1</sup>

We cannot appreciate the sacrosanctity of land in England nor the dignity which its ownership confers. Nor can we understand its standing in Parliament, before the law, in society, and in the eyes of the people. All classes reflect the veneration which land ownership confers. There is nothing like it in Europe. For there is no country that has given over its politics, its army, its established church, and all of the avenues of advancement to the

<sup>1</sup>"What is the House of Lords? Primarily it is a House of Landlords. The landed system of this country was created in order to make the Peers the owners of the soil and the lords of the land. It has done its work. According to Lord Derby's return of 1874-5, 525 peers own one-fourth of the land of England. The average area of each peer is about 38,000 acres.

"This is no natural growth. It has been artificially fostered for nearly nine hundred years. The landed system exists to maintain the House of Lords, and the *ultima ratio* of the House of Lords is to maintain the landed system. The House of Lords is a mere Tory caucus for all other purposes of legislation. But it will defeat even a Tory government when it attempts to reform the landed system. To the Peers there is one thing only that is more sacred than the interests of the Tory party. That is its own interests in the land."—"Peers or People?" by W. T. Stead, page 82.



landed gentry as has Great Britain. All this has created a caste system.

In spite of the tremendous growth in the powers of the commercial classes during the last two generations, but little real impression has been made upon the traditions of English life. Far from controlling Parliament during the nineteenth century, the financial interests have been identified with the landed gentry, who have been enriched and made more powerful by the infusion of wealth which trade and commerce have brought to the country. The House of Commons comes very largely from the land-owning classes and those who reflect its interests. This is especially true when the Conservative party is in power. A glance at the list of the members of the lower house during the last government shows a surprisingly large number of land owners, retired army officials, country gentlemen, barristers, financiers, ship owners, retired gentlemen, and younger sons of the nobility. Bankers, brewers, miners, distillers, and railway directors abound, as do manufacturers and solicitors. Those who formed "His Majesty's Chief Officers of State," or the ministry, were overwhelmingly from the aristocracy. This is far less true of the Liberal party now in power, but the social, political and professional aspirations of all classes lend them very readily to the desires of those from whom all advancement is to be obtained.



It is this that gives to Great Britain its caste-like organisation. It is this that makes of the government of the United Kingdom a class-conscious aristocracy. Even the king is but the titular representative of the aristocracy, for the power of the Crown has passed to Parliament, and Parliament for centuries has been but the mouthpiece of the land-owning classes. To what extent this traditional veneration will overawe the new and militant democracy that has recently come into existence, remains to be seen. Great Britain may be on the eve of a real revolution, a revolution which seemed to follow the ascendancy of the mercantile classes in the days of Bright and Cobden in the early half of the century. But that ascendancy was short-lived. The ambitions of the trading classes were social no less than economic. In time its members and their interests were merged into those of the ancient aristocracy. It was only a third estate movement at most, and its ideals were those of a commercial aristocracy which was perfectly content with its achievements as soon as its most insistent economic and social demands were satisfied.

Great Britain does not see that the class which rules, always overwhelmingly dominant in the House of Lords, and almost equally dominant in the House of Commons, enjoys the most perfect monopoly in the modern world; a monopoly far more perfect, and infinitely more costly to the peo-

ple than the coal and the steel, the oil and the copper, the railway and the franchise corporations with which we in America are oppressed. For the monopoly which the land owners of Great Britain enjoy includes all these as the merest incident to the ownership of the soil. Great estates exist which include metropolitan cities and villages, coal mines and quarries, estates which often run into the hundreds of thousands of acres, and spread over entire counties, with their villages, towns, and local political agencies.

It would be easy to demonstrate this dominion of a small but imperious class line by line from English history. The British government is really merged into the economic interests of the aristocracy. This class interest is best seen in the means adopted for relieving landed property from taxation. The history of the tax laws of Great Britain read like a chapter from the old régime in France, or the contemporary history of America.

In the closing years of the seventeenth century the incidents of feudalism were abolished. The long controversy between the Crown and the Barons came to an end. The Barons desired to be free from their feudal obligations paid to the King. The King accepted a tax on the land equal to one-fifth of its annual rental value in lieu of the feudal services and the burdens of supporting the Crown, which the large land owners had rendered for centuries as

a condition of their holdings. To this tax was added an excise system, which was designed to relieve the land of its feudal dues and to throw the burdens of the government on to the backs of the poor. A century later, during the Napoleonic wars, Parliament decided that the land should never be revalued, and that the tax should ever remain at about \$10,000,000. By subsequent enactments this amount was still further reduced to \$3,750,000, at which sum it remains to this day. The land has not been revalued since 1798. It is estimated that the land has increased in value nearly 2000 per cent. since that time; but those who own the land have never permitted it to be reassessed. Even though metropolitan cities have sprung into existence, and land which was then worth but a few pounds per acre is now worth ten times that amount per front foot, it is still assessed as it was when Great Britain was an agricultural country.<sup>1</sup>

The land underlying London is valued to-day as it was in the seventeenth century. Much of it is on the tax duplicate as the hunting preserves of some great estate. It is as though Manhattan Island were still valued, for purposes of taxation, as it was

<sup>1</sup>In a sense the land that is improved is assessed for local purposes. For the rental value of the premises includes the value of the land as well as the buildings. The evil is that the tax is not upon the value of the land irrespective of improvements, as in America. It is this that permits its reserve from use and speculative holding.

when the City Hall Park was on the outskirts of the town. The same is true of the great mineral resources of Great Britain which have come into use during the past hundred years. Were the land of Great Britain revalued, as is the land of every American State, the land-owning class which controls the government would be paying nearly \$200,000,000 a year instead of \$3,750,000. They would pay this sum if the rate of four shillings in the pound, which was the rate agreed upon in 1692, were adhered to.<sup>1</sup>

It is to shield their property from taxation and regulation that the railways, mine owners, and franchise corporations enter politics in America. But nowhere do their law-made privileges compare

<sup>1</sup>The annual rental of the land of Great Britain which is paid to the landlords has been estimated at something over 200,000,000 pounds, or nearly \$1,000,000,000. By some it has been placed as high as \$1,250,000,000. A tax of four shillings on the pound of annual rental would yield from \$200,000,000 to \$250,000,000. This is equivalent to a tax of about one per cent. on the selling value of the land. For the value of the land of Great Britain, with the mines and resources, is not far from \$25,000,000,000. It pays directly in taxation about \$3,750,000, or about two-tenths of one mill on the selling price. Were a rate of one per cent. imposed, which is below the average rate in America, the land of Great Britain would yield about fifty times what it does to-day.

It is true that the income of the land owner is subject to the income tax, as well as the legacy and succession duties. But so is all other property. But the great bulk of the revenues of Great Britain, whether for local or imperial purposes, is paid by the poorer classes and the industry of the country. This is more true of Great Britain than it is of America, although our Federal revenues are wholly derived from consumption taxes.

in magnitude with those of the land-owning class in control of Parliament.

The same indifference to every consideration save their own advantage characterises the attitude of the English aristocracy toward other legislation. Not content with avoiding imperial taxes, which the barons bore up to the time of Charles II, they have also relieved themselves from local taxation. For the local rates are assessed against the tenant. They are paid by the occupier. The owner of the land pays nothing, or next to nothing. And, worst of all, property is taxed for local purposes not on its selling value, but at whatever the landlord may happen to get out of it in the form of rent. If he does not see fit to rent it, it pays no taxes at all.

This throwing of the taxes upon the tenant, too, means that labour bears the bulk of the cost of local government. It is shifted on to thrift and enterprise. A premium is placed upon thriftlessness. The slum is encouraged, while he that labours is punished for his energy.

For years the British cities have been beating at the doors of Parliament, demanding relief from the dead hand of the landlord. This is the great economic struggle in Britain to-day. More than five hundred local authorities have organised into a League for the Taxation of Land Values. The movement was promoted by the Town Council of Glasgow. It has already appropriated \$15,000 to carry



on the agitation. The London County Council has been in the forefront of the fight. Not that very much has been asked. The local authorities have only sought permission to separately value the land apart from the buildings or improvements, and to impose a special tax upon the value of the land due to the growth of population and public expenditure, in order that they might participate in the unearned increment due to the city's growth. They want to find homes for their people. They are asking permission to have the land valued in order that a tax may be imposed on its capital value as is done in America. But up to the present time Parliament has turned a deaf ear to the demands of the cities. Its members are making use of the trust reposed in them to increase their own revenues through tax evasions by hundreds of millions of dollars each year.

This class instinct of the landed gentry ramifies into all legislation. It is the note which recurs in all fiscal measures, in all slum clearance, in railway regulation, in the attempts of the cities to buy the franchise corporations, in all the big enterprises upon which the cities are seeking to enter. When the railways of Great Britain were constructed, Parliament did not pass a general law under which any company might build a road. Nor were they given the right of eminent domain, a privilege enjoyed by all transportation companies in America.



Every railroad had to secure a special act. It had to go to Parliament for another act for every little extension. Those who promoted the road had to indicate its routes and termini. Before the charter was granted they had to arrange to buy the land from the owner at private sale. They had to buy it from the members of Parliament from whom they were asking a charter. And these gentlemen made good bargains. They asked many times the value of their land. And they got it. Otherwise, the railway got no charter.<sup>1</sup> The railways of Great Britain are capitalised at \$165,000 a mile of single track. This is three times the inflated capitalisation of the American railways, and from six to eight times their estimated cost of reproduction. The paid-up capital is about six billion dollars for 21,500 miles, as against about eleven billions, the capital stock and bond value of our 214,000 miles. The landlords of Great Britain are said to have received at least \$400,000,000 in excess of the actual value of their land through these means. It was no un-

<sup>1</sup>A railway company has no general right to file its articles of incorporation, as is done in America, and having done so, proceed at once to acquire by compulsory purchase such land as it needs for its right of way. Parliament is very deliberate in the matter. Hearings are had as to the necessity of the road, as to its routes and termini. Persons opposed to its building appear before the committees and present their objections. But after the charter has been granted, then the company can serve notice on any landowner who will not sell his land voluntarily, in the form of a "notice to treat." Under this procedure it is possible for the company to take such land as it may need by compulsory purchase.

common thing for a company to pay from \$20,000 to \$40,000 a mile for the right of way alone. The members of Parliament made use of their position to exact such terms as they saw fit. By means of the sums received for their land and subsequent purchases the landlords remain the controlling owners in English railways to-day. Hundreds of the members of Parliament are directors and stockholders. Having enriched themselves by the means described, they now strive to protect the railways from any regulation on the part of the state. The railways in Great Britain are far more oppressive than they are in America. Statistics show that the average charge for freight per mile is about three times that charged in America. And any redress is much more difficult. For the water in the English railways is not the result of stock jobbing; to a considerable extent at least it represents the greed of the land owners, who made use of their power in Parliament to secure extortionate prices for their land.<sup>1</sup>

<sup>1</sup>Railway construction in Great Britain is very much more substantial than it is in America, while the costs of the terminals were undoubtedly very much greater. In addition grade crossings are elaborately protected, while human life is safeguarded by every possible means. All of these elements entered into the cost of construction as well as the capitalisation, and must now be considered in the matter of any comparison of costs as well as of rates.

A controversial correspondence took place in the London Times in 1902 over the relative burdens of freight rates in America and Great Britain. It was maintained by the British writer that, all things considered, the British rates were no

Members of Parliament also are interested in or represent the franchise corporations. They are stockholders or directors in the gas, water, electricity, and tramway undertakings. The cities do not grant the franchises themselves. Parliament makes the grant in each individual city. Parliament also retains all power of regulation. It fixes the terms of purchase by the cities. This is sometimes done by general, sometimes by special acts. But due regard is always shown for the stockholders. For example, the Borough of St. Marylebone, one of the boroughs of London, became dissatisfied with the private electric lighting plant. Parliament would not permit it to erect a competing plant of its own, so the Council opened negotiations with the company. The borough offered \$3,000,000 for the plant, which was in excess of its structural value. The company demanded \$4,000,000. This the Council declined to pay, and decided to submit the matter to arbitration, as provided by law in case of dispute. The referees adopted a valuation of their own. But it was not a compromise one. They decided that the plant, with its franchise, was worth \$6,250,000, or two and one-quarter millions more than the company itself had asked. To this

higher than they are in this country. The American correspondent presented statistics to demonstrate that, measured by ton-mile charges, the rates in Great Britain averaged from five to ten times what they do in the United States for the same service.

they added \$2,000,000 for a generating station, and \$500,000 as the costs of the arbitration. The borough had no right of appeal, and was compelled to take over the plant at the price named, and pay all of the costs of the reference. The tax-payers were saddled with a burden of nearly \$9,000,000 for an equipment which they should have secured, but for the allowance of the arbitrators of franchise value, for one-third that sum.

By such means as these Parliament protects its members and the members of its class. It then points to the recklessness of the Town Councils as a proof of the incompetency of the cities, and the failure of municipal ownership. Nor is this instance exceptional. Saving as to the franchises of street railways and electric lighting companies which have expired, the towns, when they buy out a private company compulsorily, are compelled to pay a price determined by the capitalisation of the net earnings of the company. This is the measure of valuation of water and gas enterprises, whose franchises are in perpetuity. Thus Sheffield paid \$1,463,000 for an electric lighting plant whose physical value was but \$605,700. Birmingham paid over \$2,000,000 for a system whose value was but \$1,065,000. The city of Liverpool paid \$3,000,000 for the franchises of the street railways. But the metropolis of London was the worst sufferer. It paid \$187,372,610 for the eight private water companies

which it purchased in 1905. The total value of the physical property was estimated to be but \$121,-662,000; while the companies claimed that they should be allowed \$247,985,000.

Naturally, there was some grumbling at these prices. And some of the cities have burdened themselves by the extortionate prices they have had to pay. They have not been able to make as complete a success of municipal ownership as they otherwise would. But the veneration of the average Englishman for Parliament and his "betters" does not permit him more than a suspicion that the method of valuation provided by law is in any manner connected with the fact that the members of Parliament own the franchise corporations themselves. Had the Town Councils made these grants, they might, in fairness, be called upon to pay for their own improvidence. But Parliament itself made them. The people in the cities were not even consulted as to the terms, the prices to be paid, or the sort of service which should be rendered.

In the closing days of the Parliamentary session of 1905 an effort was made to crowd through an electric power monopoly for the metropolis of London. The bill granted a private company what would have been an exclusive franchise for forty-two years. Many persons were of the opinion that it was designed to kill off the fourteen municipal plants already operating in the metropolis, and



owned by the London boroughs. The County Council and the Borough Councils combined to defeat the measure. The promoters of the bill were sure of its passage, for the reason that over a hundred members of Parliament in both parties were among its stockholders. But the Councils persevered. They employed parliamentary agents and presented voluminous testimony. It cost the rate-payers of London \$750,000 to defeat the bill. This sum was honestly spent. It was used for legitimate purposes, as was the \$250,000 expended by the promoters of the company. The fact that many leaders in Parliament were financially interested in the company excited little comment.<sup>1</sup>

It costs the English cities tremendous sums every year to promote the local measures and protect themselves from those who are seeking franchise grants in their streets. A parliamentary report has shown that in the six years from 1892 to 1898 it cost the local authorities of Great Britain the extraordinary sum of nearly \$3,500,000 to protect themselves from franchise grabs or to secure powers that should be conferred upon the towns by general law. This sum was used to promote bills and protect the cities. It was not used for bribery. It was not a corruption fund in the American sense. It was the necessary cost incident to

<sup>1</sup>The Electrical Times, August 17, 1905, estimates the cost of promotion and opposition at from £200,000 to £250,000.



securing all sorts of legislation that the city should have had as a matter of course. The little town of Barnsley spent \$75,000 on a single bill. In six years' time the London County Council spent \$570,000 in promoting bills or protecting itself before Parliament.<sup>1</sup>

The arbitration charges incident to the purchase of the eight water companies acquired by the London Water Board in 1905 amounted to \$335,000.

It seems incredible that such burdens could be honestly incurred in purely parliamentary business. To the American mind it is suggestive of the legislative funds of the life insurance companies of New York. These costs, however, are necessary. Appearance before a Parliamentary Committee must be done by an attorney, by a parliamentary agent. Experts have to be hired to give testimony relative to the needs and necessities of the cities. Private and local bill legislation is so costly that it is im-

<sup>1</sup>In January, 1907, the Local Government Board issued a return of the expenditures of the London County Council and the Borough Councils in the promotion of bills before Parliament and in opposing measures directed against them. During the four years ending 1905-6 the County Council spent the sum of \$490,000 for these purposes. Of this two-thirds was for the promotion of its own measures, the balance was expended for the defeat of bills that the Council desired opposed. According to the same report, the London Borough Councils, during the first six years of their existence, expended the sum of \$349,900, of which all but one-sixth was spent in the opposition of measures before Parliament of which the councils disapproved. This money was appropriated out of the revenues of the councils and was borne by the rate-payers.—The Municipal Journal, January 26, 1907.

possible to secure relief for any minor abuse, no matter how insistent it may be. Probably the worst exhibition of parliamentary costs was in the matter of railway building. This was all done by private bills. The Brighton Railway had to pay \$24,000 a mile in parliamentary costs. The Manchester and Birmingham Railway paid \$25,000 a mile for the same purpose, while the London & Blackwall Railway paid \$70,000 a mile for getting its bills through Parliament. This sum is very much in excess of the average cost of railway construction in America. This was many years ago, it is true, but the system is the same to-day, and the burdens on the rate-payers of the cities seeking relief from Parliament are very excessive.<sup>1</sup>

It may be urged that all this proves nothing more than an unwillingness to change; that laws protecting the land owners from taxation, the railways, and franchise corporations from regulation and competition, the cities from improvident ventures, slum clearance, and trading, are but an evidence of an undue emphasis on property rights. This is the attitude of the average Englishman when he thinks of the matter at all. His veneration for the ruling class is very unlike the rebellious protest of the American people toward the members of the

<sup>1</sup>For a description of the methods of railway promotion in the early half of the century and the relation of the members of Parliament and the land owners thereto see *Essays*, Volume III, Herbert Spencer, page 63.

United States Senate, whose business affiliations render them very solicitous for the railways and protected industries. It is this blindness to abuses, this veneration for anything that is old, this subservience to the gentry, and those who rule and make use of their powers for their own enrichment, that is the most disheartening thing in English life. Were Parliament subjected to the same criticism that the American public official has to daily face, the comparison would be in favour of American honesty and the future of American democracy. For we, at least, know. And we are coming to protest. And this is the first step in reform.

Great Britain takes it merely as a matter of news that in the last Parliament 229 members of the House of Commons held between them 673 directorships in corporations, while 108 peers were on the boards of 367 companies. These interests are largely railway, mining, brewing, distilling, and franchise. The press does not protest, does not suggest that this identity of interest between big business interests and Parliament is an explanation of the solicitude of Parliament for privileged wealth.

One of the most odious acts of the late Conservative government was the so-called Licensing Bill. This measure provided that if the licence of any saloon-keeper to run a public house was taken away, either because the licence was unnecessary or objectionable, the owner should be compensated out

of a fund collected from the other licensed houses. The compensation to be paid was not the damage to his fixtures, the cost of moving, or the possible loss of rent. It was measured by the capitalisation of the net earnings of the place. But the compensation paid did not go to the saloon-keeper. It was paid to the landlord who owned the premises. This bill created a vested interest, a franchise of every public house in the Kingdom. It became as inviolate as the grant to a street railway. The trade was not taxed for public revenue, as is done in America. It was taxed to compensate the land-owning classes for a privilege that had formerly been revokable at will. The common explanation of the measure was the influence of the brewing and distilling interests in Parliament. In reality, it was passed in the interests of the land owners. And it has been estimated that the measure conferred a free gift of something like a billion and a half dollars on those who possessed the privilege of keeping a public house. This was the capitalised value of the rights created.

To the landlords, the government of Great Britain is something that is theirs by divine sanction. We cannot appreciate the sanctity which attaches to land and land ownership in that country. Something of it is seen in the social eminence of the county families. In their local sphere they are supreme. This worship of a class, a class for centu-

ries identified with the land, is the controlling fact in the life of Great Britain. It is inwoven into all legislation. It dominates society. It ramifies into jurisprudence. It supports the church. It explains the poverty of the millions and the luxurious wealth of the few. It corrupts the professions and public opinion. It enervates the army and the church. It has undermined the physical stamina of the people. It has created a servility on the part of all those who form the middle and lower classes nowhere else found in Europe. It is the control by the few hundred thousand at the top that is impoverishing the nation. For the privileges of the few have become an exhausting burden on the many. That is what privilege always means. If it has any value to the owner it must be paid from the labour of others.

It is almost incredible that this merger of politics and business should have gone so long unchallenged. It is even more incredible that England should be able to stagger along under the burdens which privilege imposes. It is doubtful if any nation in Christendom, outside of Russia and Spain, is so remorselessly plundered by its ruling classes as is Great Britain.

To refer to the matter of taxation again. Despite her free-trade policy, England derives over one-half of her imperial taxes from the excise and customs duties. They are imposed upon necessities.



They are borne almost wholly by the poor. In 1904 the total collections from these indirect taxes amounted to \$317,000,000. At the same time, Parliament granted about \$75,000,000 out of the national revenue for the relief of local taxation. To this extent the landlords in Parliament shifted the cost of local government from themselves on to the masses. By so doing, they relieved the land which they own from so much of the taxes as ever settle down upon them. They merely increased the amount of rent which they could exact from the tenants, who were relieved of taxes to the extent of the government subsidy.

It would be a simple matter to extend this catalogue of class legislation on the part of the gentry indefinitely. Cases might be multiplied of cities purchasing sources of water supply at exorbitant prices; of land owners who exacted the letter of the bond in the protection of their property through their membership in Parliament. Similar instances might be cited of the fearful cost to the rate-payers of slum clearance and of the fabulous prices paid to the owners under arbitration purchase. For the members take good care that the towns pay full price for the privileges which they acquire for city purposes.<sup>1</sup>

<sup>1</sup>The following instance is reported by Mr. George Haw, in a very suggestive book entitled "Britains Homes," page 170: "Dealing with the iniquities of our land system, Mr. Chamberlain (in a speech in the House of Commons on October 20,



We may not call all this corruption, although if the members of an American City Council dealt with themselves as the members of Parliament do with the railways, the franchise interests, and the land which they own, there would be an outburst of condemnation against them. And the cost of this class control mounts into the hundreds, possibly many hundreds, of millions of dollars each year. This is the burden that is thrown upon labour and industry through tax evasions; through excessive prices for franchise corporations; through dock and

1885) said he would give an illustrative example. He then referred to the Bill of the Metropolitan Board of Works for constructing Charing Cross Road through a densely populated district containing many slums. The Municipality arranged to retain possession of the frontages along the proposed new street, so as to place the added value against the cost of the scheme, and thus lessen the charge upon the rates. When the bill came before a committee of the House of Commons, Lord Salisbury, who had property on the line of route, opposed it, and claimed the insertion of a clause for his special benefit. He asked that the Municipality should not be allowed to retain the frontage so far as his land was concerned, but that he himself should have them. In other words, his lordship, who was being paid the full commercial value of his land, 10 per cent. extra for compulsory purchase, and was also receiving what is known as compensation for severance; who, further, without a farthing's expenditure on his own part, was reaping the added value which the improvement gave to his surrounding property, actually came forward to demand the one small benefit left to the rate-payers who were so largely increasing his income. The committee of the Commons, finding the claim altogether exceptional, rejected it; but later on his lordship succeeded in converting a committee of the House of Lords to his opinion. When the bill came back to the House of Commons, the concession given to Lord Salisbury by a committee of his brother-peers was struck out by special motion, and carried without a division."

land purchases; through the privileges of all sorts that have been engrafted upon the government during centuries of class rule.

Viewed in a large perspective, Great Britain has reached a condition not dissimilar from that of Rome in the declining days of the republic, when the Senate, enriched by the plunder of the public lands, dispossessed the people from the soil and drove them to the cities, there to subsist on public aid. Like the privileged orders of the old *règime* in France, those who rule have made use of their power for the creation of special privileges, for the shifting of taxes on to the defenseless members of the state, for the protection of land monopoly, and the burdening of the backs of labour with rent, taxes, railway, and other charges, until the people, like the peasantry of Ireland, have been reduced to a state of helpless, hopeless poverty. England has reached a state of physical deterioration. Her industrial life is at a low ebb. She no longer recruits her strength from the sod or the mill. Agriculture is in a state of arrested development. The tenant is being driven to the city by the competitive rents of the landlords. In the city he is housed in disease-breeding tenements, the worst in Europe, where he struggles for a bare subsistence.

In privilege is to be found the cause of England's heart disease, a disease as fatal to a nation as undernourishment is to the human body. England is

being impoverished by those who rule, and through this impoverishment the industrial, moral, and social vitality of her people is being destroyed. Generations of reverence for the aristocracy has enfeebled her powers of political resistance. The people are too poor to emigrate; and in the country districts too hopeless to organise. The resistance of the upper classes is like that of the grand dukes of Russia. The cure cannot come from palliatives. It can only come through a recognition of the fact that democracy is an economic much more than a personal thing, and that industrial opportunity can only be secured through the heroic destruction of the abuses of privilege which centuries of feudal tradition has engrafted upon the people.

Great Britain seems to be suspecting this fact. The last election, which carried an overwhelming Liberal majority into Parliament and created a new party, that of labour, is the first evidence of real democracy. But the task is a heavy one. The odds are fearfully against the people. On the one hand is the House of Lords, the conservatism of the Commons, the Church, the Army, the Navy, the press, the bar, and all of the agencies of public opinion and social power, "sitting tight" on abuses so old that they have become sacred. On the other is the enfeebled and subservient tenantry and labouring classes, poor, untaught, almost unled, together with the middle classes, who would be

content with the existing order if its worst abuses were but modified in their interest. Democracy in Great Britain has a long way to go before it becomes articulate. It is just becoming conscious of the fact that government by a class is dangerous. But even the most radical proposals now before Parliament fall a long way short of bringing any substantial relief, and even these reforms seem difficult of early realisation.

## CHAPTER XVIII

### THE UPPER AND THE NETHER MILLSTONES OF PRIVILEGE

EVERYWHERE in Great Britain there are symptoms of decay. In agriculture, in industry, in every department of life it is manifest, but most of all in the poverty and physical deterioration of the people. The nation seems to be in a state of incipient æmia. Industry is lacking in that robust aggressiveness that characterises Germany and America. All this is admitted in the United Kingdom, but there is no agreement as to the cause of it all, or as to what should be done to remedy the condition. The proposal of Mr. Joseph Chamberlin for a protective tariff, thinly disguised under the plea of colonial federation, was overwhelmingly defeated at the last election. And a protective tariff would merely have added another piece of class legislation to the multitude under which the country now staggers. It would have increased the value of agricultural land. It would have added to the cost of living of all classes. It would have imperilled the country's carrying trade and brought ruin to many of her industries. For commerce hates barriers, and the

immense trading tonnage of Great Britain is due to the fact that her ports are open to the ships of the world.

Others have found the disease in the lack of popular education, and especially in the backwardness of technical training. Very material advance has been made in recent years in the promotion of universal state education. But the Church of England is opposed to any interference with its oversight of the training of the people. And the Church is so inwoven with the aristocracy that any progress toward secular education is difficult of achievement. Moreover, England has no trained body of teachers, such as are to be found in every section of Germany and America. And it will take years to produce them.

Other critics, and more intelligent ones, find the cause of Great Britain's decay in the absence of peasant proprietors such as are found on the continent. They would call the people back to the soil through the purchase of the land by the state and its distribution to small proprietors on the installment plan. Other reformers attribute the condition of the people to the drink evil, which has assumed fearful proportions; while a very few place it at the door of the municipal indebtedness and the great increase in local rates. But much of the increase in the expenditure of the towns has been imposed by action of Parliament and the necessities



of health, sanitation, and education. Municipal trading, far from being a burden to industry, has materially reduced local taxes.

What are commonly treated as causes are very often effects. And the cause of Great Britain's diminishing prestige is much more fundamental than any of those indicated. It is to be found in the multitude of special privileges which those in control of Parliament have created during their long, unchallenged rule of the United Kingdom. Other nations have passed through the same experience, and the results have always been the same. In every country where those who own the land have been entrusted with the government the same evolution has taken place. It has resulted in irresponsible wealth alongside of widespread poverty.

Wherever this merging of privilege with the agencies of government has taken place, great nations have passed through the same evolution, an evolution that is as natural as it is inevitable. For the instinct of privilege is always to secure possession of the government, and then make use of it for the promotion and the protection of its interests. Special privileges can arise in no other way. They are the creations of law. They are contrary to the natural order, and only arise under organised society. For the law of nature is the law of equal opportunity. Special privilege is the denial of that principle. But wherever organised government

has appeared, those who owned the land and the things appurtenant to the land have seized upon its administration for the purpose of relieving themselves of the burdens of government and of increasing their monopoly privileges by means of the creation of new laws.

In Great Britain, this merging of the landed class with the government is now complete. It has been so for generations. It has expressed itself in countless ways, but mainly in the laws relating to the land and the subject of taxation. Nowhere in the western world have the law-making agencies been so completely at the service of special interests as they have in Great Britain, and the results are to be seen in the industrial and physical decay of the nation, in the decline of agriculture, and finally in the fearful poverty of the people. The conditions are not due to any racial characteristics of the British people. They are the price of a class control of the government and a misuse of power by the landed aristocracy.

In its affiliations with the railways, the monopolies, and the tariff-made trusts, the United States Senate suggests a similar condition. But the members of the Senate enjoy none of the social distinction, none of the permanence, none of the veneration which hedges about the aristocracy of the United Kingdom and gives it a sort of sanctity in the eyes of the common man. Moreover, the Senate

is of our own making. The people have it in their power to change its personnel or make way with its abuses. The average Englishman feels that the aristocracy of his country is clothed with some of the divinity that encompasses the King.

Great Britain is free in one respect, and that is her freedom of trade with the outside world. But in respect of the land, the mines, the resources, the railways, and taxation, the tyranny of privilege is complete. And the cost of it all is shown in the life of the nation. The slums of the British cities are the worst in Europe. Millions of people are herded in miserable lodgings, which the landlords who own them will not improve nor permit the cities to regulate. Disease saps the strength of oncoming generations, while poverty drives them to the saloon as the only solace.

The condition of the smaller towns and the country villages is not much, if any, better. In town and country the labourer is badly paid. He is rack-rented out of his produce and taxed to exhaustion. In the country the rent of the land is determined by competition for its use. And in a nation where all of the land is taken up, while thousands of men are struggling to escape the workhouse, the rents demanded are all that the land can be made to yield and still leave a living to the worker. Ofttimes even this minimum of existence is exceeded. Competition leads the tenant to offer

more than he can pay. This is what happened in Ireland. The struggle for existence led to such excessive rents that the country was impoverished and its population driven to America. And any improvements made by the tenant, any increase in productiveness also pass in time to the landlord. They are made an excuse for a further increase in the rent. In consequence, incentive dies. The farmer is content with the things he is accustomed to, because in these only is there any safety. Added to this, the tenant has all the local taxes to pay. They are determined by the amount of rent which he pays to the landlord. If the land is not rented, or yields no income, it pays no rates, for then there is no one from whom they can be collected. If the soil lies idle it costs the owner nothing save his loss of rent. He is under no stimulus to make the best possible use of his estates. He may convert them into hunting preserves, as is done all over Great Britain. Then they pay no rates. But the rates of those who do make use of their lands are increased in consequence.

Just as the land may be preserved as a hunting park, so it may be devoted to careless agriculture or grazing, when it should be devoted to intense cultivation. Millions of acres are so given over. England buys her garden produce across the English channel, in order that her ducal owners may not be bothered with unsightly peasants or mis-

erable lodgings. Men whose broad estates have been built upon by populous towns, and who are enjoying princely incomes from city rent rolls, can afford to use their estates as suits their fancy. They can treat them as playthings, even though thousands of persons are thereby deprived of an opportunity to work. The United Kingdom is covered with great estates given over to such frivolous uses. Former prosperous villages have been permitted to decay. Farmers whose ancestors occupied the land along with the Conqueror, have been driven to the cities because the Lord of the Manor desired a more expansive shooting preserve or a breeding plantation. During the last century the sturdy English yeomen, once the pride and defense of the nation, have been slowly driven from the soil. Many English villages contain none save aged persons and those unable to leave. All the others have gone to the cities. There are few sadder sights than the decaying British village, filled with dejected, hopeless, and fast diminishing residents, who loaf about the stables and the public houses, and end their days in the workhouse. Human life is of trivial moment in comparison with the hounds, the herds, and an unobstructed outlook upon the land. To-day, four-fifths of Great Britain's population is crowded into the towns, while those who remain on the soil do not suggest any relationship to the traditional farmer with whom literature makes us



familiar. The farm labourer is vanishing. Since 1850, in spite of the great increase in population, there has been a diminution of over a million and a quarter of persons employed in agriculture.

Those who go to the towns take their place at the looms, the lathe, the forge, or the counter, without hope and with little ambition. They are undernourished, and ripe for disease. They live in miserable tenements, and many of them find their way to the workhouse, while those who continue in the industrial ranks have little to aspire to. The English wage-earner has none of the buoyancy, none of the ingenuity, none of the outlook on life that animates the American workman with whom he is competing in the markets of the world. He is crushed beneath an industrial environment from which he cannot hope to escape. He has no alternative but the job which is under his hand, for opportunity is closed at every turn. His wages are low, too low to permit of the slightest extravagance, or even the education of his children. He is always on the borderland of poverty and the temporary loss of employment. An interval of sickness or hard times is likely to push him and his family into the workhouse.

The condition of the poor of England is evidenced by the investigations of Charles Booth in London, and of B. S. Rowntree in York. Mr. Rowntree argues from his studies that one-sixth of the working



classes throughout the country are unable out of their wages to secure enough food to keep them in proper physical health, even if every penny earned is spent on bare necessities; while one-third of the wage-earners are so poorly paid that if they spend up to six shillings a week per family on luxuries such as drink, tobacco, or unnecessary dress, they must deprive themselves of sufficient food to keep themselves in a state of proper physical efficiency. According to the Board of Trade returns, there were in 1904, 750,000 men in the organised trades who were out of employment. In the unorganised and unskilled trades there was probably an even greater number. It has been estimated that, including the women and children who were dependent upon them, that between 5,000,000 and 6,000,000 human beings were in serious want in 1904, in addition to the millions who are always below the poverty line.

The condition of the working classes is primarily responsible for the decay of British industry. For skilled workmen are not developed under such industrial conditions. Efficient labour is always well-paid labour. And the higher the wage and the greater the intelligence, the higher the efficiency. Nominal wages are higher in America than in any country in Europe. But the real wage paid is probably lower because of the higher skill and ingenuity of the workman. He is inspired by hope, by

the desire for promotion and advancement. In its last analysis, the condition of the British workman is traceable to the economic environment of the people. This is not due to any ethnic characteristic. The British emigrant has peopled the world and brought forth order and prosperity wherever he set his foot on colonial shores. At home he has no chance. Monopoly has closed the door of opportunity against him.

The controlling influences in the economic environment of the British artisan and farm labourer are the system of land tenure and the levying of local rates upon the occupier and industry. Herein, back of all surface causes, is the explanation of modern Britain. For taxes can come from only two sources. They must be paid either from the rent of the land or from labour. In the last analysis there is no other source from which taxes can come. To the extent that labour is taxed land is relieved, and the incomes of the land-owning classes increased.

The annual burden of rent and taxes which the labour of Great Britain bears is from one to two billion dollars. It amounts to approximately forty dollars a head on every man, woman and child in the United Kingdom. It is the equivalent of two hundred dollars a family. The element of rent enters into every article of consumption. In some form or other, disguised though it may be, it is paid

by the forty millions of landless workers to the handful of persons who own the resources of the country. More than half of it is probably paid to less than ten thousand persons.

Political economists have rarely emphasised the influence of the land and its distribution among the people upon the life and welfare of a nation. Rent is accepted as part of the natural order of industry, and its payment is treated as a voluntary sacrifice, which is under man's control, just as are the other necessities of life. Even the marvellous increase in the value of urban land in the United States and the princely incomes of the Astors and similar landlords, which are constantly growing through no energy of the owners, are the subject of little comment and less concern. The suggestion that these great unearned incomes, which exceed in amount the total revenues of the city, should be subjected to special taxation, is treated as the dangerous proposal of those who would confiscate the property of others for the benefit of the thriftless classes. Yet the effect of the private appropriation of the labour and industry of the people through rent and the exemption of this purely social product from taxation is the most important influence in determining the distribution of wealth and the welfare of a people.

For rent is not a voluntary payment. The amount of rent which one may pay for the house

in which he lives is to some extent under his control. But in some form or other the total rent of the nation is an involuntary tribute imposed upon all those who do not participate in its enjoyment. It is part of the charge for every service. The aggregate amount of rent increases from day to day. From its payment there is no escape. The growth of population of itself insures the gradual rise in the value of the resources of the nation and the annual tribute which must be paid by those who labour to those who own.

In this fact is to be found the explanation of increasing poverty in the midst of increasing plenty. In the slow appropriation of the wealth of a nation by the land-owning classes, and the exclusion of mankind from access to the soil, is the explanation of the decay of nations. Even in a country in which agriculture is subordinate to commerce and industry, the vitality of the producing classes, as well as their standard of living, is dependent upon their relation to the resources of the earth. In Great Britain, where all of the land is taken up, the rent which must be paid is determined by the need to live. No activity is possible until man has found an abiding place for himself and his family. The soil is limited in amount by nature. It is still further limited by the arbitrary will of the owners—who withhold it from use. The opportunity to work commands a monopoly price.

And the only return which the tenant receives from the payment of rent is the right to work. This is the only contribution which the land owner makes to the industrial life of the nation. In return for this privilege the land owners of Great Britain appropriate more than one thousand million dollars a year.

This is the tribute which the industry of that country annually pays to the class which owns the land. It is the first charge upon the life of the nation. From this payment there is no escape. From the landlord there is no appeal. The rent charge is a first lien on all that the nation produces. The owner of the soil, who neither toils nor spins, benefits by the industry of the nation, to which he contributes no labour, but which is daily increasing the amount which he may charge to the next generation. The landlord need not fear for a tenant, for there is always another at hand ready to take the place of him who has failed. In good times or in bad a long line of workers stands ready to accept any opportunity which offers a chance of escape from the alternative of the workhouse.

This is the condition into which Great Britain has fallen through the long-continued government of the country in the interests of those who own the land. The landless classes have been reduced to a state of industrial dependence—to the merest fraction of the population. But this is not the only



burden which those who labour pay as a price for the privilege of being governed by their betters. From the diminishing returns of the merchant and the manufacturer, the tenant farmer and the wage earner, are collected all of the local taxes. He who owns the land is free from any direct payment to the maintenance of local government. And the local taxes, like the rent, are constantly increasing in amount. But none of the increase is shifted on to the land, which alone is benefited by the local expenditure. It is all borne by the industrial classes. Thus those who labour are rack-rented by the landlord out of all that competition will permit him to take and furthermore they are taxed by the state out of the little that remains. The total local taxes of the United Kingdom amount to approximately \$250,000,000 a year.

Herein, of itself, is an adequate explanation of the decay of Great Britain. For those who labour are being crushed between the upper and nether mill stones of ground rent and taxes. Ireland paid the price of the system in the devastation of the country, and the same process is reaching its logical conclusion in Great Britain to-day.

Growing out of the exemption of land and the resources of the nation from direct taxation is land monopoly, and with it the closing of opportunity. For in the last analysis the life and industry of a people is traceable to the liberty of access to the



soil and the freedom of the worker from tribute to the land owner. The cry of all Britain is for land, land to use, to build upon, not to own. The soil of the United Kingdom is fertile enough. There is opportunity for millions upon the countrysides, were it not for the dead hand of monopoly and the burden of competitive rents and unjust taxes. The people could raise an abundance of food and dairy products. But the independent peasant farmer, so universal in France, Holland, Switzerland, South Germany, and Denmark, is not to be found in Great Britain. He can only gain access to the soil on ruinous terms. He cannot purchase the land, even if he were able to do so, for only a limited portion of the soil is alienable. The owner need not sell. He need not make any productive use of his holdings. The land is free from any direct taxation, and consequently from any necessity to make it pay for itself. Those who are responsible for this condition explain the decay of British agriculture by the competition of the American West. This and the greater attractiveness of city life, it is claimed, have depopulated the countryside and forced the landlord into careless cultivation and grazing. It is the fixed belief of most people that Great Britain cannot grow sufficient food for the needs of her people. This assumption would seem to be disproved by the intensive culture under peasant proprietorship on the continent. In a chapter devoted

to the "Possibilities of Agriculture," in his "Fields, Factories and Workshops," P. Kropatkin says:

"But the above will be enough to caution the reader against hasty conclusions as to the impossibility of feeding 39,000,000 people from 78,000,000 acres. They will also enable me to draw the following conclusions: (1) If the soil of the United Kingdom were cultivated only as it was thirty-five years ago, 24,000,000 people, instead of 17,000,000, could live on home-grown food, and that culture, while giving occupation to an additional 750,000 men, would give nearly 3,000,000 wealthy home customers to the British manufacturers. (2) If the cultivable area of the United Kingdom were cultivated as the soil is cultivated on the average in Belgium, the United Kingdom would have food for at least 37,000,000 inhabitants, and it might export agricultural produce without ceasing to manufacture, so as freely to supply all the needs of a wealthy population. And finally (3) if the population of this country came to be doubled all that would be required for producing the food for 80,000,000 inhabitants would be to cultivate the soil as it is cultivated in the best farms of this country, in Lombardy, and in Flanders, and to utilise some meadows which at present lie almost unproductive in the same way as the neighbourhoods of the big cities in France are utilised for market gardening. All these are not fancy dreams, but mere realities;

nothing but modest conclusions from what we see about us, without any allusion to the agriculture of the future."

On the continent of Europe, where land is allotted in small holdings instead of being held in great manorial estates, the condition of the people and the prosperity of the farming population is in marked contrast to the agricultural workers of Great Britain.

In the cities conditions are the same. Great metropolitan areas are owned by a single landlord, from which he derives millions in rentals. He need not improve his holdings until he is ready to do so. He usually lets them to another, who is then taxed by the community for his industry. The result is that a large part of Great Britain is unproductive. In city and country, land, mines, and building sites are unused and unoccupied. In consequence the competition for that which is used is increased, while the owner is enabled to demand a monopoly price by reason of the artificial scarcity which he has created.

Everywhere labour and energy are punished. Everywhere monopoly is encouraged. Human ingenuity would find it difficult to devise a society more perfectly arranged for privilege or more effectually adjusted to the destruction of opportunity. The system of land tenure, the difficulty of its alienation, the costliness of every transaction,

and the unjust system of taxation, are the burdens which those who rule Great Britain have imposed upon those who produce and upon whose enterprise all others, even the aristocracy, rely. The privileges of the ruling classes are protected as jealously as though they were Heaven sent. Valuable mining resources, upon which great cities rely for their fuel, may be closed by reason of a strike or the desire of the owner for higher royalties. He is under no compulsion to develop the property, for the local rates are determined by the output of the mines. The mines may lie idle for months or years, awaiting the will of the owner. Whole sections of a city may be kept out of the market for the same reason, or in hopes of a speculative increase in the value of the estate. Land about the suburbs is closed to occupancy or used for idle pleasures, while those who must find homes at any cost are forced to take whatever they can get, and pay a monopoly price therefor, because of the artificial limitation of the supply.

All of this is possible because of the fact that the land and the resources of the country are not taxed on their real value. By reason of the assessment of property on the rental received rather than its actual value, that which is used is very heavily burdened. For it is not the value in the market that is taken; it is the rental that the owner happens to receive from the use which he has seen fit to

make of it. The net result of this arrangement is that it is very easy to keep the resources of the country out of use, and to command a monopoly price for those which are in the market. In consequence, idle labour which is everywhere seeking employment, and which is now maintained by the poor rates, is excluded from the soil. In city and country opportunity is closed, while industry can only be carried on upon the terms of the land-owning classes. And costly though the apparent evils are, those that cannot be seen are very much worse. For the results of these conditions ramify into all of the relations of life. They are strangling the life of the people. They form the economic limitations upon British society. They explain the political motives of Parliament and the struggle for existence on the part of the people. To the monopoly which results therefrom is attributable not only the low standard of living of the great mass of the people, but the lack of hope and vitality, which is a condition precedent to any vigorous national life.

## CHAPTER XIX

### THE NEXT STEP OF INDUSTRIAL DEMOCRACY

THE contemporary literature of Great Britain, as well as the vital enthusiasms of the present Liberal ministry, seems to indicate that a change is imminent in the attitude of the nation toward its problems. Complacency has given place to enquiry. The traditional explanations of the decline in agriculture, the decay in industry, and the increasing poverty of the people, are being questioned. The cure of the nation's heart disease is being sought, not so much through charity as through positive legislation. And the most radical of the many seemingly radical measures of the present ministry are those relating to the reform of local taxation.

It may seem inadequate to find in the method of raising local revenue, or the system of land tenure, an explanation of the decay of a nation. The condition of the peasant farmer, of the city Hooligan, of the tenement and the slum, seem far remote from such causes, especially in a country whose eminence lies not in agriculture but in its commerce and industry. But remote as the connection may seem,



it is none the less true that Great Britain is in danger of losing whatever supremacy she enjoys because of the monopoly of the land and the resources of the nation, and their exemption from direct taxes. The line of political, no less than social, cleavage is between those who own the land and those who do not, between those who now carry the burdens of government and those who have relieved themselves therefrom.

The incomes which the landed gentry enjoy in the form of rents probably exceed a thousand millions of dollars each year. This is the first tax upon the life and industry of the nation.<sup>1</sup> It must be paid before any activity is possible. It is paid by labour, and can come from no other source.

<sup>1</sup>The capital value of the land, apart from the houses, etc., of the United Kingdom can only be approximated, inasmuch as land is not valued in such a way as to appear either in the census returns or the tax-rolls of the country. The income tax returns are based upon the rentals of the property, which are not a fair measure of the real value of the property. The same thing is true of the local rates. Land which is not used, or which is carelessly developed, is returned at an insignificant rental value. The Financial Reform Almanac for 1905 gives the gross annual rental value of the land alone at £194,000,000, or about \$1,000,000,000. At five per cent. this would give a capitalised value of \$20,000,000,000, which, measured by American land values, seems very low. For this includes as land the railways, canals, mines, quarries, and franchises. Other authorities have placed the annual rental value at £250,000,000, or \$1,250,000,000, which would give a capitalised value of \$25,000,000,000. This land is now on the tax duplicate at a valuation fixed in 1692, a valuation which has never been revised owing to a resolution of Parliament that the land tax, amounting at that time to \$10,000,000, should never be increased.

There is no Fortunatas purse out from which the rent rolls of the aristocracy can be paid. This colossal burden rests upon the backs of the producing classes. It is paid by forty-one millions of people to the merest handful of persons who have created this servitude through their long-continued control of the government.

In addition to competitive rents, the producing classes are burdened with almost all of the local taxes as well. For Parliament, like the privileged interests so active in America, has relieved the property which its members own from the necessity of contributing to the maintenance of local government.

But this is only the beginning of the long list of special privileges which those who rule Great Britain have created for themselves. Not content with shifting the local taxes from their own property, the bulk of the imperial taxes have been cast upon the defenseless classes as well. This is in spite of the fact that England derives \$200,000,000 a year from the income and inheritance taxes. For the fiscal year 1905, out of a total revenue of \$600,000,000 from all sources, the customs and the excise yielded \$340,000,000. This sum was collected from the necessities of life. There is no attempt to disguise the nature of these taxes, or the motive of their imposition, as is done in America. They are levied upon articles of common consumption. They

are paid by the poor. More than one-half of the imperial revenue comes from sugar, tea, cocoa, coffee, tobacco, and other articles of daily use. The privileged classes cry out loudly against the income tax and the death duties, while the masses, who pay the bulk of the taxes, sink sullenly into poverty without knowing why, under the burden of competitive rents, local rates, and consumption taxes, whose aggregate amount exceeds two thousand million dollars a year. As Tolstoy has said, the aristocracy of a country will do everything for the poor except to get off their backs.

Were all of the local and all of the imperial taxes levied upon the capital value of the land, the burdens would be shifted from those least able to bear them on to those best able to do so. Even then the few hundred thousand at the top would be left in the enjoyment of unearned incomes of hundreds of millions of dollars a year.

But the agitation for the taxation of land values promoted by the Town Councils and adopted as its industrial programme by the present Liberal party is, least of all, a fiscal expedient designed to relieve the overburdened rate-payers. The movement has a far deeper purpose. To the constantly increasing body of men who, since the time of John Stuart Mill and Henry George, have advocated the appropriation by the community of a portion of the incomes of the landed gentry, the taxation of

land values is a social even more than a fiscal philosophy. It is not the relief of the overburdened rate-payer that inspires the movement so much as an opportunity of access to the resources of nature. It is a new dispensation, in which the earth will be reclaimed by the people, that has inspired workers in every quarter of the world to a belief in the single tax imposed upon the value of the land alone. And no country in Christendom is so inviting an experiment station for its adoption as is Great Britain. In no nation is the land more closely monopolised or the people more completely exiled from its use.

Were the taxes upon the land increased to two hundred million dollars (which the land would pay if it were assessed at the rate of four shillings in the pound, which is about the equivalent of one per cent. upon the capital value) owners could no longer sit idly on their colossal estates. Then they would be compelled to make use of their land, or permit someone else to do so. Great hunting preserves would be brought into cultivation. They would blossom under the hands of industry. They would become the homes of humanity rather than the breeding ground of wild game. The master of the hounds would then erect comfortable cottages instead of kennels for his dogs. Millions of other acres now lying idle, or used for grazing fancy cattle, would be converted into peasant farms. The independent yeoman, once so universal, would be

lured back to the land from which he has been dispossessed, and in which he had an inalienable right until the landlords appropriated the common lands to themselves by enclosure acts and similar legislation. For a great part of the land of Great Britain was the common possession of all the people up to the first half of the nineteenth century.

The taxation of land values, or landlords' rent, would stimulate the owner to activity. The English village would come to life again. Owners would be forced to compete for tenants in order to meet the demands of the state. They would develop their holdings, not devastate them for the pleasure of the chase. Great Britain would soon be her own market garden. Instead of eight million people upon the countryside there would soon be twice that number. And this competition on the part of owners for tenants would lead to a reduction in rents, just as the competition on the part of tenants leads to their increase. The very necessities of the landlord would increase the opportunities of labour. This result inevitably follows a tax levied upon the value of land directly. The higher the tax the greater the stimulus to production. Such a tax operates upon the owner just as rent acts upon the tenant. That is what such a tax upon land values is in effect; it is a rent charge payable to the state. And just as the agricultural tenant is forced by necessity to make the best possible use of his hold-



ings in order to meet the rental to his landlord, so the owner who now indulges his days in idle pleasures would then be forced to devote himself to his estate in order to meet the demands of the community. And the tax upon land values is the only tax which is a stimulus to production. All others are a burden upon industry and a charge upon labour. Moreover, the land values tax cannot be shifted. It remains where it first falls.

Not that the full effect of such a change would follow from the imposition of a rate of four shillings in the pound. For the rate in America very often exceeds one per cent., and even we are beginning to suffer from the burdens of speculative land monopoly. But it would do much. At one stroke it would relieve the overburdened rate-payers of more than two hundred millions of dollars of local taxes. It would do more than a thousand Parliamentary colonies to call the people back to the land. It would be automatic. It would require no state aid. The owner of the land would hasten to the cities to find labour for his estates. He would erect cottages. He would be forced to make life attractive to the people. Soon there would be jobs hunting people, instead of people hunting jobs. As the rate was increased conditions would further improve. A tax of eight shillings on the pound, or two per cent. upon the capital value of the land, would still further stimulate the exodus to the countryside.



In a short time wages would rise. For wages are highest when rent is low, just as they are lowest when rent is high. Rent and wages are reciprocal. They are dependent upon one another. The higher the rate of the tax upon the value of the land the greater the necessity of cultivation. And as the land comes into use the greater the demand for labour.

The imposition of such a tax is an automatic means of ushering in another reform. Free trade in land would come of necessity. Parliament would speedily permit of its alienation. The law of settlements, of entails, of primogeniture, would pass away in the interests of the landlords, just as they came into existence for the preservation of their power. For those who could not make use of their estates would seek to dispose of them to someone who would. Under such a system of taxation the easy alienation of property would follow of necessity.

The cities would respond to the invigorating influence of such a tax as well as the country districts. For the city, no less than the countryside, is filled with unused land. Under existing conditions the slum lord can leave his land unoccupied and unimproved, just as the country squire can give it over to his hounds to course upon. The owner can wait until the city builds up to his holdings before he lets go of them. Then the land is leased for build-

ing purposes. In time the lease is revalued. The owner does nothing to give value to the land, yet by the mere growth of population he is automatically enriched. All of the unearned increment flows into his purse. There is little reason for the slum lords to build, for society is daily adding to their wealth by the mere growth of population. Were the land taxed at its capital value, as is done in America, it would be impossible to sit thus idly upon the premises.

The naked land underlying London is probably worth six thousand million dollars. The site values of New York are worth more than two-thirds that sum, with less than one-half the population. The London land owners pay in direct taxes less than one million of dollars per annum. The landlords of New York pay over fifty millions of dollars in taxes upon the naked land alone. Were the land of London taxed at one per cent. of its capital value, or approximately four shillings of its present possible rental, it would pay sixty millions of dollars a year to the relief of local taxation, or nearly as much as the total local revenues of the metropolis. Were it taxed as it is in New York, at eight shillings in the pound, or two per cent. on its value, it would pay over one hundred millions.

Measures for the separate valuation of the land from the improvements, and the levy of a local rate upon the value of the land alone, have been before

Parliament on several occasions, but the bills never got beyond their second readings. The opposition of the landed interests was so great that even a vote upon the final passage could not be secured. It is upon some such measure as this, to which the Liberal party is pledged, that the impending conflict between democracy and privilege is likely to be waged.<sup>1</sup> The towns are almost a unit for its adop-

<sup>1</sup>Measures for the rating of land values or the levying of a direct tax on the value of the land have been introduced into Parliament on several occasions. In 1902 Mr. Trevelyan introduced the "Urban Site Value Rating Bill," which empowered Town Councils to separately value land and improvements and assess the actual value of the land at the rate of two shillings in the pound. In 1903 Dr Macnamara presented the "Land Values Assessment and Rating Bill," which applied only to urban authorities and permitted a local tax equivalent to one penny on the pound of actual capital value, measured by the same rule as is applied in America. During the present session of Parliament a measure for Scotland was introduced, which is understood to be but a forerunner of a similar measure for England. The conditions of the two countries are so different that the matter had to be treated under separate bills. The Scotch measure provides for a tax of two shillings on the pound. But the special committee on the subject recommended that the measure be delayed until the land was assessed. For there is as yet no means of knowing what the land is really worth. With that obtained it is proposed to bring forward the taxing measure. This can be done in two ways. Either as a means for raising local revenues, in which case it would be open to the disapproval of the House of Lords, who would probably interpose a veto. The other method is to include the land tax as part of the budget. This the House of Commons controls, for the Lords have no authority over revenue measures. The present Prime Minister is in sympathy with the programme for the taxation of land values and the great majority of Parliament is committed to it by their election pledges. There is a possibility that some measure, either for local or state purposes, will pass the present session.

tion, and about this movement industrial democracy in Great Britain is massed. It is the first real expression of democracy since the Reform Bills of the early half of the nineteenth century. That movement was inspired by the awakened ambitions of the industrial classes, who desired to be admitted to a share of the government. The new democracy includes many young men from the universities, as well as the Fabian socialists, the labour members, and the shop-keeping classes of the towns.

While the relief of the overburdened rate-payers would be the first and most obvious effect of the taxation of land values, this would be but incidental to the social and industrial advantages which would follow. Just as the countryside would blossom with new life through the opening up of broad estates to tillage, so the city itself would awaken through the stimulus to industry. Land now lying idle would be built upon. Property worth thousands of dollars a front foot could no longer be left vacant. Some means would have to be found to meet the demands of the city. Mediæval buildings would be rebuilt. Shacks and rookeries would come down. Great suburban estates, now idly held for pleasure or speculation, would come into the market to be built upon. Soon landlords would compete for tenants. The owners themselves would build model dwellings, or lease the land to someone who would. For there is land enough to house all

London decently, and labour enough to erect the buildings. In time the towns would spread over wider areas. The surrounding territory would appeal for occupancy. Better homes would be built, and the fearful death rate of the slums would diminish. No longer would it be necessary for the cities to erect model tenements. Self-interest would compel the landlords to do so, just as it supplies the motive for the erection of the splendid office buildings of the American cities.

Only when the landlords are forced by necessity to make use of their holdings will they do so. A rate of four shillings in the pound would be a stimulus. To-day it is profitable to create a scarcity of homes in order to secure a monopoly rent. Thrift is taxed because of its thrift. The idle go untouched. If the state is to discriminate at all, it should be to punish the owner of the shack and encourage him who makes decent homes for the people. This stimulus to the use of land now lying vacant would usher in a new industrial order. This gain would transcend all others. The cry of the countryside for labour would relieve the labour pressure of the cities. Labour would then command a higher wage. The relief of industry from taxation would still further stimulate enterprise. The poor rate, which now amounts to eighty millions of dollars for the maintenance of a million paupers, would diminish. In time it would tend to disap-



pear altogether. The erection of homes would stimulate the building industry. Mines now lying idle would be forced into use. The call of the land would offer homes for millions. The prices of fuel, of food stuffs, of rents, would fall in consequence of the increased supply.

Along with the increase in wages, the reduction in the burdens of taxation and the improvement in sanitary surroundings, would come an improvement in the physical efficiency of the people. To-day the British labourer is in a state of physical exhaustion. Even Parliament has recognised this fact, and provided for an investigation into the subject in 1904. The condition of the population has alarmed the War Office. Fifty per cent. of the candidates for military service from London had to be rejected because they were physically unfit, while of those offering themselves at Sheffield, York, and Leeds, over forty-seven per cent. were reported as deficient in physical character and stamina. A large part of the people of Great Britain are undernourished, badly housed, and underpaid.

The taxation of land values is thus not an isolated question. It lies at the very heart of the life of Great Britain. It explains the monopoly of the land, its use as game preserves by the few, and the disease-breeding tenements crowded by the many. To thousands its adoption is a social philosophy. They recognise that the life of a people is controlled



by its resources. They accept the economic interpretation of society. They see that their country is being destroyed through the oppression of the aristocracy and misuse of power by the land-owning classes. They would relieve the unequal distribution of wealth, not through socialism, but through the appropriation by the state of all of the social value which society itself has given to the land. They would open the resources of the nation to all of the people through the pressure of direct taxation, which would force the landed gentry to relinquish their monopoly holdings and turn them over to productive uses by the people. Such is the programme of the new and militant democracy of Great Britain.

But if history offers any guidance, the House of Lords will be a unit in its opposition to any such bill. It will not submit without a struggle to the impairment of its privileges. For this is a measure which strikes at the root of the power of the aristocracy. It is not a party struggle, it is an economic one, just such a struggle as took place in Rome during the last two centuries of the republic; just such a struggle as preceded the Revolution in France; just such a struggle as is being witnessed in Russia to-day.

## CHAPTER XX

### THE CITY OF TO-MORROW

IT is strange that no great mind has lent its constructive powers to the city. While men are dreaming of colonial empires, of continent-wide railway systems, of the perfection of armaments, of the building of monster Dreadnoughts, of sky-towering structures, and the possibilities of aerial navigation, no one has offered us a vision of the city that would use all of the agencies of science and invention for the well-being of the people. Neither the statesman nor the administrator, the poet nor the philosopher, the architect nor the builder, have thought of the city as worthy of their efforts.

The cities of ancient Greece, and the mediæval Italian towns, were the inspiration of every mind. Their makers were conscious of the splendour of their canvas. They built as Michael Angelo painted, as the cathedral builders of the Middle Ages expressed the ideals of their times. Art, education, beauty, comfort, were consciously studied. Everything was subordinated to life, of which the city was the centre. This was the motive of the early city builders. Thus the princes of Europe, in a

later age, looked upon their towns. In order that the Head City might be worthy of its Kingdom, tribute was laid upon every people and upon every art. So the first and the third Napoleons viewed Paris. Jefferson, almost alone in Great Britain or America, saw the city as a whole. From the Old World he called a city builder to design the capital of the new nation. To-day, Washington and the country are awakening to an appreciation of the prescience of his dreams. But the ideals of earlier ages were those of beauty, adornment, of patronage of the arts and sciences. The city makers of the past were content with the visible foundations and surroundings. Democracy, and the great discoveries which have made the nineteenth century pre-eminently an industrial age, were wanting.

The city of to-morrow will mean very much more than splendid streets and public structures, art, and physical beauty. These are but the ground plans. Political democracy has added a new element. New tools have been placed in the hands of the people. The most important of these are the power of taxation and the common ownership of many industrial undertakings, to be used for the welfare of all. These, with a free people, free to govern themselves, free to decide all matters of local concern, untrammelled by some government above, are the agencies by which the city of the next generation will find itself.

For good or for evil, the city is the most portentous fact of the twentieth century. And, free to respond to the needs of the people, it will become the most inviting canvas ever offered the artist or the architect, the philanthropist or the statesman. To be Prime Minister of a great municipality will be more alluring than to be governor of a commonwealth or the president of the world's greatest corporation. For in the years that are coming all of the agencies of science and invention will be pressed into the service of the city. Then the contributions of twenty centuries of civilisation will struggle in its service. Then men will serve the city with an eagerness that the claims of business do not now command.

The city of to-morrow need know no degrading poverty, no corruption. For poverty and corruption are of our own making. They are the products, and the inevitable products, of privilege. They are the creatures of legislation. This is true of Great Britain as it is of America. Poverty is not voluntary, not personal. It is traceable to economic environment, and chiefly to the monopoly of the earth and the laws of our own creation. This is seen wherever man is given an opportunity to better his condition. Even the penal colonies of Australasia became self-respecting communities under the invigorating influence of opportunity. All America bears testimony to the same principle. For

America was peopled by the dispossessed of other lands. And from whatever corner of the earth men came, they responded quickly to the new chance which democracy opened to them in the form of economic freedom. To-day, poverty, vice, and crime are as open to correction as they are to creation. Just as costly privileges have been created in the interests of a few, through the rule of a class, so equal opportunity will be offered to all through the rule of the people. It is in the city that democracy will first become conscious of these powers, conscious of the common life of the community, and of the power of organised government to promote the well-being of the people by positive political action. And when the city does awaken it will surpass the historic cities of Greece and Italy in the splendour of its achievements. For to all the greatness which they commanded will be added the element of modern democracy, whose possibilities are only beginning to be tested in the realm of industrial co-operation.

Even to-day the city contains more of hope than of despair. It is the centre of the best as well as of the worst. During the past few years ideals have been forming. In the contest with privilege they have taken shape. The people are learning to make use of tools that have been misused to destroy rather than to promote democracy. In America, no less than in Great Britain, the possibilities of the city

are becoming apparent. Industrial democracy is seeking expression in municipal ownership, in juster taxation, in beautiful structures, in schools, parks, libraries, playgrounds, in museums, gymnasiums, art galleries, in a hundred means for the broadening out of the possibilities of life. Our sympathies are being widened. The solicitude for privilege and property is on the wane. There is an awakening belief in the power of government to affect the distribution of wealth. This conviction is reflected all over the world. Social reform is seeking to make use of the city as an experiment station. The necessities of life itself compel the most conservative to assent to an increase in the functions of the community. In the city, opinion is plastic. It is sympathetic to the demands of humanity. The city has been trained to a reliance upon itself. The needs of education, of health, police, and fire protection have forced upon the city countless activities to which the country districts are alien. And the cities of Europe, and, to an increasing extent, the cities of America, have justified the confidence reposed in them. The people have learned to trust themselves in their collective capacity. They could not be induced to abandon any of the activities which have been undertaken, or pass them back to private hands. In a hundred ways the city is being socialised. It has taken on a sense of togetherness, of fraternal dependence. This be-



lief in co-operative effort, acting not through voluntary association, but through compulsory political agencies, is one of the greatest assets of modern society. It is this that distinguishes it from the past. It is through co-operative political effort that the civilisation of the future will be reared.

A mere enumeration of the activities of a highly organised city like Glasgow, The London County Council, Berlin, or Cleveland, would fill many pages. The community touches us at every turn. It is far more important than the nation. It protects us, educates us, offers recreation and a hundred services which, if rendered by individual initiative, would result in chaos. And the cost of it all is insignificant. In America, the per capita expenditures of the average city of a quarter of a million inhabitants range from \$12 to \$35 a head. They rarely exceed \$20. In the city of Glasgow they are about \$11 a head. This is the cost of the schools, the parks, the libraries, of city buildings, art museums, music, and other forms of education and recreation. It includes the cleaning and the lighting of the streets, the maintenance of the police, health, and fire departments, the administration of justice, and the care of the dependent and the criminal classes. At this insignificant cost, which would not provide education for a single child at a private school, the city serves us in a multitude of ways. And this socialisation of life is

really only beginning. This is seen all over America as it is in Europe. Along with the movement for the ownership of the public service corporations is a great increase in the minor activities of the community. The city is seeking to relieve the cost of the industrial struggle. It is opening neighbourhood parks, playgrounds, and bath houses. It is supplying kindergartens and crèches. It is adding to the school curriculum. Children are cared for by public physicians and nurses. Meals are being offered at an insignificant cost, or at no cost at all. There are gymnasiums and lecture courses which are open to the parents as well as to the children. The public school buildings are being erected so as to serve as local centres, to be used in the evening as places of meeting and recreation. Music, art, and many means of popular culture are being brought to all classes. The social settlement will become in time a city club. It will be a winter park. Here a substitute for the saloon will be offered. And when we consider that these activities are but a few years old it is possible to get some idea of the rapidity of the movement. The city of the next generation will humanise life in many ways. There will be public parks and city clubs in every ward. About these centres the life of the district will centre. The city will stimulate art, music and talent. It will offer recreation in abundance to the poorest.

The city of to-morrow will be a place in which to live. It will supply so many things and at so slight a cost from the common purse that the problem of existence, even to the poorest, will be greatly simplified. Then man's work will serve him, not enslave him. For the ideals of that city will not be dividends upon property so much as dividends—in the form of happiness—on life. It is an ideal which will call to the service of humanity the great agencies of production that are now lost to us through monopoly in private hands. We need only summon to the aid of the city the discoveries that are now known, and the talent that we now have, to change the city of to-day from the abode of much misery and suffering to the greatest agency for happiness the world has ever known. All this involves a reversal of our ideals of government from a mere agency of property into an agency for humanity. It involves a conception of the city as an entity, a political and industrial democracy, designed for the use of people rather than for the protection of privilege and property.

It is this dignity which privilege enjoys that explains the poverty, the misery, and the corruption of the city. Everywhere privilege and property are exalted above human life. Humanity is subordinated to inanimate things. The right of the slum lords to his rents is a higher right in the eyes of the law than the right of the helpless tenement

dweller to sunlight, fresh air, and freedom from contagious disease. The privileges of the franchise corporation in the streets, corruptly obtained though they may have been, enjoy a higher distinction than the municipality, whose citizens are dependent upon cheap transit, light and water. The members of the British Town Councils are more solicitous of the rate-payers than they are of education, playgrounds, and the decent housing of the people. It is the subordination of every other consideration to the superior rights of property that explains the present condition of our cities. We have not yet learned that property is but an agency, a means of happiness, not an end and object for which society is organised. In Great Britain, as well as in America, the land, the slums, the franchise corporation, have been given protection, while humanity dies of disease or starves of hunger. Throughout all of our thought runs the assumption that government is a protector of property, rather than a means for promoting the well-being of the people. Not until this ideal passes will the city begin to realise its possibilities. Not until then will its ultimate programme be open to adoption.

In this awakening America will probably lead the way, hopeless though many of our cities now appear. Industrial democracy will find its first as well as its fullest expression in this country. America is free from the tyranny of the past. No

worn-out institutions camp and confine our imaginations. There are no such fearful feudal burdens as the old world staggers under. Here, too, the privileged interests are more easily seen. They are limited in number. Their offences may not be greater, but they are of the vulgar sort, against which the public can readily organise. In Great Britain all privilege is protected by respectability. It enjoys an age-long lineage. It is surrounded by all of the historic distinctions of the mother country. It is not vulgarly corrupt. It is safeguarded by the rule of a class that for centuries has been identified with all that the imagination of the Briton holds dear. And it includes as its handmaiden the Church of England and all of the avenues of social advancement. From this we are happily free.

Long before this psychical evolution is complete there will be a change in the physical basis of the city. As a matter of fact, the physical must precede the psychical. The attitude of the people toward the city is dependent upon the control by the city of its economic environment. The physical and the mental are reciprocal. There can be no big city life until the city manifests a fraternal regard for the people and appreciates its own political dignity. And, first of all, the city will be constructed with a conscious physical plan, and in contemplation of the performance of many services now in pri-



vate hands or not performed at all. Its foundations will be laid in advance of its growth. Provision will be made for transit under the roadways. Great conduits, owned by the city, will convey water, both hot and cold, to every home. These conduits will be constructed like those under the new Kings Way in London. Through them will be carried the gas, the electricity, the telephone, and other means of communication and service. Just as the great office buildings are going far underground in the making of their foundations, so the city will build its streets, in anticipation of the future needs of the community. Once laid, they will be permanent. They will not be torn up by half a dozen warring agencies, any one of which has rights more dignified than those of the community itself. Through these ducts the water, light, heat, power, and means of communication will be conveyed. Our homes will be heated as well as lighted by the city. There will be an end of coal bins, of individual furnaces and fires, of all of the dirt and labor now incident to the maintenance of heating establishments in every home. The industry of the city will be supplied with power in the same way. And all of these agencies will be operated from a common central station. All of the lost energy, all of the extravagant waste that now goes up a hundred thousand chimneys will be concentrated in a single plant, which will supply power and heat and light not



only for the individual consumer, but for all of the great public services of the community. The economy resulting from such a union of energy would justify the complete rebuilding of a city. It could all be paid for out of the savings of a few years.

Far more fundamental to the problem of city building than the ownership of these services are the land and the means of transportation. For upon these the homes of the city depend. The city of to-morrow is not to be a tenement city. It will be spread over a wide area. It will be ruralised in a way not now thought to be possible. Homes will be offered to the worker miles from the city's centre, in cheap and rapid communication with his work. For it is only the limitation of the means of transit that confine the city to its present restricted area, restrictions imposed not by the difficulties of the transportation problem, but by the cupidity of private enterprise. With the changes now taking place in the use of electric traction it will be possible to live fifty or a hundred miles from the city's centre as conveniently as it is now possible to live at one-tenth of that distance. When the city devotes as much concern to the homes of its people as it now devotes to the erection of docks and the development of its commercial advantages, the housing problem will be open to ready solution. For the slum and the tenement are the product of land monopoly, which in turn is traceable to the system of

taxation, and the inadequacy of the means of transportation.

Many of the municipalities of Germany provide for the cheap and expeditious transit of workingmen into the suburbs. In Great Britain the Town Councils have done what they could in this direction, but the monopoly of the land has thwarted their efforts to do very much. Belgium has probably done more than any other country to enable its people to live at a distance from their work. Most of the railways are owned by the state, and for the last fifteen years the government has consciously pursued a policy of distributing the population into the countryside. Workingmen's tickets are sold at very low rates. For the insignificant sum of forty-three cents it is possible to travel a distance of 31 miles a day for six days in the week. Longer distances are arranged on a similar schedule. This is but little more than half the cost of street railway fares to the American workman. Through this policy the population has been lured out into the country villages. In 1875 the number of such tickets sold was but 193,675. In 1901 the number had increased to 4,412,723. It is estimated that one-ninth of the industrial workers of Belgium employed in the towns continue to live in the country, where they are able to own a patch of ground, and, along with the superior advantages of the city, enjoy the economic opportunities of the country. Describing

the effect of this policy on the appearance of the country, Professor Vandervelde, from whose article these facts are taken, says: "Nothing surprises the traveller who goes from London to Brussels more than the contrast between the solitary stretches of pasture in Kent and the animated landscapes in the neighborhood of the Belgian towns. Enter Hesbaye or Flanders from whatever side one may, the country is everywhere thickly strewn with white, red-roofed houses, some of them standing alone, others lying close together in populous villages. If, however, one spends a day in one of the villages—I mean one of those in which there is no local industry—one hardly sees a grown up workman in the place, and almost believes that the population consists almost entirely of old people and children. But in the evening quite a different picture is seen. We find ourselves, for example, some twelve or thirteen miles from Brussels, at a small railway station in Brabant, say Rixensast, Genval, or La Hulpe. A train of inordinate length, consisting almost entirely of third-class carriages, runs in. From the rapidly opened doors stream crowds of workmen, in dusty, dirty clothes, who cover all the platform as they rush to the door, apparently in feverish eagerness to be the first to reach home, where supper awaits them. And every quarter of an hour, from the beginning of dusk till well into the night, trains follow trains, discharge part of

their human freight, and at all the villages along the line set down troops of workmen, masons, plasterers, pavers, carpenters with their tool bags on their backs. Elsewhere it is colliers, miners, workmen in rolling mills and foundries, who are coming from the Mons district or Charleroi, or Liege, some of them obliged to travel sixty or seventy miles to reach their homes in some world-forgotten nook in Flanders or Limburg. And on other parts of the railway, in Campine, in Flanders, or the Ardennes, Anthwerp dock labourers, weavers in the Roubaix and Turcoing factories, metal workers, travel daily into France, and when their day's work is done return to the country place where they find their beds. In short, in Belgium there are few villages which do not contain a group of industrial workers who work at a distance, and often at a great distance, from their homes."<sup>1</sup>

In Great Britain, as in America, the highways are in private hands. They are operated with an eye single to dividends. In Belgium, and in Germany, the means of transportation are owned by the state, and are operated with a conscious policy of serving the people. Until the means of transit are owned by the public, and operated to promote the largest possible service, the distribution of the city over a wide area is, of course, impossible. But the city of

<sup>1</sup>The Improvement of the Dwellings and Surroundings of the People, p. 159, [Manchester.] Translation of portion of an article from *Soziale Praxis*, of August 13, 1903.

to-morrow will operate its means of transit as the modern office building operates its elevators. Rapidity, safety, comfort, cheapness, not bulging dividends, excessive charges, and the shortest possible hauls, will be the standards of the municipality. Then the tenement and the slum will begin to disappear, then the population will be scattered over a wide area, then mankind will be permitted to enjoy the advantages of the country and at the same time participate in the comforts and conveniences of the city. The city of to-morrow may have a diameter of a hundred miles. London will be spread over half a dozen counties. The city of New York will run far out into Connecticut, New Jersey, and Long Island, while Manhattan Island will be but a clearing house of banks, shops, hotels, clubs, and business establishments.

All these services will be operated at insignificant cost, or at no cost at all to the individual consumer. Already, in a number of cities, the suggestion has been made to abandon all charges for water to domestic consumers. For aside from the cost of collection, the operating charges of a water plant are an insignificant sum. Artificial gas is sold in Great Britain at from twenty-five to sixty cents a thousand feet, and at this price yields a handsome revenue. The by-products, in the form of coke, ammonia, tar, and other chemicals, will pay for the gas in the mains, and it seems rather foolish to maintain a



collection department merely to pay for its own cost. Electric current can be produced at less than a cent a kilowatt hour. It is sold by private companies at from five to fifteen cents a kilowatt hour. Were a moderate charge made for commercial and manufacturing purposes, all of these services of water, gas, and electricity, could be rendered to the people at the most insignificant cost.

In America, the prevailing rate of street railway fares is five cents. In Glasgow the average fare under municipal ownership is 1.89 cents. The reports of the Tramway Department show that fares could be further reduced to one cent and still pay all operating expenses, maintenance, and other charges. But a cautious policy of debt repayment has induced the British cities to subordinate the reduction of charges to the retirement of the debt and the relief of taxation. In a few years, however, many of the plants will be free from debt, and then a new policy will be open to adoption. Fares and charges can be reduced to operating cost or the maintenance of the undertaking can be thrown upon the general rates.

Whatever the operating policy of the future may be, the British cities have demonstrated that the franchise corporations can be operated by the community at a very great saving to the people. In time we, too, will feel that these great undertakings are as necessary a part of the city's life as the po-



lice, the fire, the health, and the school departments. All of these things the city of to-morrow will do on behalf of the people. The franchise corporations will be utilised in a hundred ways not now thought of. Then a conscious plan of city building will be possible. Then the streets and public places can be laid out as an architect plans a building. Then all of the physical foundations of the city can be planned in advance. Then transit, heat, light, power, and water will be brought to the people in anticipation of their needs, while the construction work will be so planned that it need never be disturbed.

Already the territory surrounding the German cities is being laid out in this way. In 1901 the Prussian Government issued instructions to the governors of the provinces to use every influence to induce the municipalities to purchase all of the land they could obtain for the purpose of improving housing conditions. Many of the German cities were already large landlords. And under authority of this decree they have greatly increased their holdings. In some cities the land of the community exceeds 150 square yards per head of the population. Had the city of Manchester as much land as the average of the five largest land-owning cities of Germany, it would be the possessor of 16,860 acres, or 26 1-3 square miles. The land so acquired is laid out by the city in anticipation of the needs of

the people. It is leased to the tenants, who are required to build according to the plans of the Council. Eminent architects and engineers are employed to lay out new additions, to plan the streets and parkways so as to insure the health and comfort of the people, as well as the beauty of the surroundings. Factories and manufacturing plants are segregated, and a large amount of the land is laid out in open spaces. Instead of permitting the erection of tenements, which in Great Britain are found even in the open fields about the towns, provision is made for small one-family cottages. The streets are laid out to conform to the general plan of the locality. There are sites for public buildings, open places for the people's recreation, while trees, shrubbery, and other decorations, enhance the beauty of the locality. The German city has already developed a strong sense of the dignity and the possibility of the city, while the central government has accorded it ample powers for the working out of its life.<sup>1</sup> It is this that explains the efficiency of the German city rather than the form of its government. It has a large degree of freedom and a fine sense of itself. The cities of America and Great Britain are lacking in any strong con-

<sup>1</sup>For an excellent and very exhaustive discussion of the housing activities in Germany, together with valuable information as to conditions in Great Britain, see "The Improvement of the Dwellings and Surroundings of the People: The Example of Germany," published by the Manchester University Press. 1s. 1904.

cern for human life. The solicitude for property prevents the destruction of the slum except at enormous cost to the tax-payers. But the city of to-morrow will no more permit a land owner to maintain a slum than it will permit a butcher to sell diseased meat, or a drunken man carelessly to brandish a loaded revolver in a crowded public highway.

The German city sees the housing problem as it really is—a land problem. It is not lack of building materials or labour, it is the land speculator who is responsible for the slum. And the German cities are attacking the monopoly by the purchase of large tracts of outlying property, and the taxation of land values. The former policy enables the community to save to itself the future unearned increment on so much of the land as it acquires, and permits it to control the development of the city. Town Councils are also empowered to tax sites that have not been built upon at their market value. In those communities where this policy has been put in force the taxes upon the site value of the land have, in many instances, been increased as much as a thousand per cent.

There is nothing new in the latter proposal in America. Land has always been assessed under the general property tax, and in New York, Boston, Detroit, and elsewhere, the appraisal of the land and the improvements has been made separately. In those cities we now have exact information show-

ing the colossal increase in the value of urban land and the possibility of levying all of the local rates upon the site values alone, and the abandonment of all taxes upon buildings and improvements. According to the appraisal of 1904, the value of the naked land in New York, exclusive of all improvements, was \$3,697,686,935. The annual rent rolls of a small number of owners, and paid by the remaining three million tenants, amounted, at five per cent., to \$184,884,430 per annum. This is the equivalent of \$52.85 on every man, woman and child in the metropolis. The total expenditures of the city in that year were but \$108,000,000, of which sum about \$54,000,000 was collected from the land. Were all other forms of taxation abandoned, and the total expenditures of the city thrown upon the unearned increment of the handful of landlords, all of the present needs of the city would be met from this source, and the land owners would still be left with a princely income in excess of \$100,000,000. But this is not all. From 1904 to 1905 the value of the land alone increased \$140,000,000, or \$30,000,000 more than all of the expenditures of the city. So rapid is the growth of land values in any growing city, that were the city to appropriate only the increase from year to year, all other taxes could be abandoned. In all of the cities of America, where investigations have been made into this subject, the same is true. A study of the rela-

tion of land values to population seems to indicate that the value of the bare land underlying any large city is worth about \$1,000 per head. If the population increases five per cent. the land increases at a like rate. Every babe that is born, every immigrant who adopts the city as his home, contributes a value of \$1,000 to those who own the land. This value, which their coming has created, they are then charged for using. And every contribution in the form of taxes but increases the value of the site which the people occupy and the amount of the tribute to be paid to the owner of the land.

It is this that makes the tax upon land values so natural a source of municipal revenue. It is more than adequate for all of the needs of the city. It is the joint product of all of the community. No energy of the owner gives it value. It is purely social in its origin. It responds to every expenditure of the municipality. It rises with the coming of transit, the opening of streets and sewers, the erection of schools and public structures, and the provision for police, health, and fire protection. Every activity of the community enriches the land-owning class and no other. For the land, and the resources of the land, are the only forms of wealth that do not depreciate and decay with the passing of time.

Such a tax, imposed to the limit, would substitute the community for the ground landlord. The ren-



tals which now flow into the pockets of a handful of owners would then pass into the city treasury. They would be adequate for all of the needs of the most highly organised municipality. All other taxes could be abandoned, while countless services now in private hands could be supplied without cost to the citizen. But the chief gains from such a redistribution of taxes would be social. Land would be forced into use. The owner could no longer sit idly upon his estates until the necessities of humanity led him to offer them to the market. He would build homes for the people, while suburban land would be opened up to market gardening and the erection of cottages. Under such conditions, private initiative would lead to the erection of model dwellings. There would be competition for tenants on the part of the landlord. No longer would there be a famine in houses. Then the slum would come down, just as the manufacturer abandons worn-out machinery, in order to meet the pressure of his more progressive neighbour. Then we would see the same sort of enterprise and ingenuity in the designing of homes that is now manifest in the making of automobiles or of any other competitive product which monopoly does not control. The city would not need to erect model dwellings, for the burden of taxation would awaken in the land owner the same ingenuity that prevails in other lines of trade.



Not only would the taxation of land values relieve the housing question, open up the countryside to occupancy, and widen out the city's boundaries, it would awaken industry of every kind. Wages would rise through the stimulus to building and the multitude of other industries that are now strangled by the monopoly of the resources of the earth. The land would be reclaimed by the people. It would be opened to cultivation, subject to an annual rent charge to the state. The countryside would awaken into new life. It is only in this way that the city can be ruralised and its full possibilities be realised. Its boundaries would then be determined by natural causes rather than by the dead hand of the land speculator.

The taxation of land values is far more than a fiscal expedient for the juster distribution of the burdens of government. It is a philosophy of individualism. It would place in the hands of the community those things that are public, and leave in private hands those activities that are competitive. The line of division is simple and definite. It is drawn at those monopolies which are identified with the land. It would have the community own the means of transportation, the gas, water, electric light, and telephone services, and administer them for the public weal. The city would retake the value of the land through taxation because the life of the community is dependent upon it, and because

it is the joint product of all. No policy of city building is possible so long as the physical foundations are in private hands interested only in exacting the highest possible price for its use. For the interests of the landlord are at war with the needs of humanity. Every effort of the city to improve the condition of the people is frustrated so long as the private interest of the land owner remains superior to the well-being of the community. Any reduction in the charges for water, gas, and transportation becomes but a contribution from one class of land owners to another.

Such a programme is only possible when the city is free, free from interference by Parliament or the State Legislature. The city of to-morrow will be a simple democracy, a little republic, like the great cities of the past. It will be an experiment station in government. It will be endowed with ample power to levy its taxes as it will. It will be free to undertake such activities as the people may decide. Its charter will be of its own making. Whether its form be that of the German, the British, or the American city, will be a matter of trial. As the activities of the community increase, the administrative agencies will be made to conform to the local needs, rather than to some uniform charter which the legislature has adopted. All this can be done through a charter convention, or by the Council itself, subject to a referendum vote of the people.

Such a means of charter amendment already prevails in California, Oregon, and a number of Western States. The activities which the city may undertake will be passed upon by the people in the same way. Upon petition of a certain percentage of the voters, any ordinance, any appropriation, any action of the Council, may be submitted to the approval of the electors. The policy to be followed on excise and sumptuary questions, which are a source of so much trouble to American and British cities, may be solved in the same way. The opening and the closing of the saloons on Sunday, the matter of Sunday theatres and recreations, the method of controlling the liquor traffic, these and many other questions of public policy, which involve no criminal question, should be disposed of by the people most interested rather than by some distant legislative authority without knowledge of or interest in the life of the communities most involved.

There will be a widening of the suffrage in the city of to-morrow. Democracy will recognise that the city is as much a woman's city as it is a man's. To her it means protection of the life and the health of children from disease, the promotion of education, and recreation. Upon her the most oppressive burdens of society are now thrown. She pays the heaviest price for the incompetence of the city. She pays the cost of the dirt, the impure water, the inefficiency of the health and other departments. For

these are the domestic services. And when they are indifferently performed they increase the burden of her life. When the city enjoys her vote and her service there will come a quickened interest in the higher side of municipal life. Then the city will become a people's city rather than the outward and visible symbol of the commercialism that dominates all of our ideals of life. Through her it will be socialised in the lines that promote health, and ease, and comfort, and happiness.

To many people any belief in the city is the idlest of dreams. They see only a loss in the passing of the rural population to the crowded industrial life of the modern city. But it is natural that men should want to be in the midst of the currents of civilisation, even though it involves some risk of failure. For many fail. The city of to-morrow will seek to relieve the vicarious cost of those who contribute their lives to the making of the city. It will become a sympathetic political organisation, inspired by no abstract formulas of the proper limits of co-operative activity save the fundamental one that the end of government is the welfare of the people. Such a sense is already a long way advanced. The change which has already come over the attitude of the cities of the United States is little short of revolutionary. The city is being inspired by a new morality. It lies latent in every community, and only needs a leader to call it into life. It is the

morality of social justice, which is the mission of industrial democracy to the modern world. It is this that makes the city of to-morrow the hope of civilisation, just as the city of to-day is its despair.





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